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ABSTRACT

The annual report contains an introduction addressing three issues (enrollment, funding and the challenge past, and funding and the challenge to come) and the full text of all advisory memoranda issued during the year. Those memoranda have as their subjects: the Ontario Graduate Scholarship Program, 1978-79; the secondary/postsecondary education interface; government support for the university system in 1978-79; capital assistance; funding for the mining engineering and the mineral processing engineering programs at Laurentian University; allocation of the government's operating support for the university system in 1978-79; and graduate program planning and funding. (MSE)

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Ontario Council on University Affairs

Fourth Annual Report March 1, 1977 to February 28, 1978

801 Bay Street,
Second Floor,
Toronto, Ontario
M5S 1Y7

March, 1978

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Letter of Transmittal

Ontario

Ontario
Council on
University
Affairs

416/965-5233

801 Bay Street,
2nd Floor,
Toronto, Ontario
M5S 1Y7

February 28, 1978

The Honourable Harry Parrott, D.D.S.,
Minister of Colleges and Universities,
6th Floor, Mowat Block,
Queen's Park,
Toronto, Ontario

Dear Mr. Minister:

I respectfully submit herewith the Fourth Annual Report of the Ontario Council on University Affairs. This Report covers the period from March 1, 1977 through February 28, 1978.

Yours sincerely,

W. C. Winegard
Chairman

Members and Officers of the Ontario Council on University Affairs 1977-78

Rt. Rev. Walter E. Bagnall (1979)
Hamilton

Norma V. Bowen (1978)
Guelph

Mary Butler Bush (1979)
Ottawa

Antoine D'Iorio (1980)
Ottawa

J. Stefan Dupré (1980)
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James D. Fisher (1980)
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Kingston

T. Rosaire Léger (1978)
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Nora Sanders (1980)
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Georgetown

John R. Yarnell (1980)
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Nancy E. Simmons
Associate Secretary

Ronald N. McDougall
Senior Research Officer

Richard S. Zulik
Research Officer

Members' terms expire on February 28th of the year indicated in parentheses

Introduction

The Fourth Annual Report of the Ontario Council on University Affairs covers the period March 1, 1977 to February 28, 1978 and like previous reports contains the full text of all advisory memoranda issued in the year.

In this introductory section of the report Council wishes to address three matters, each of which is of timely interest to the Government, the public and the university system. The first is enrolment and the outlook for the next 15 to 20 years. The second is funding of the universities and the information that is available from an analysis of enrolment and operating revenues for the past several years. The third is funding and the problems of the future.

Enrolment

The Third Annual Report of Council contained various forecasts of full-time undergraduate enrolment for the next decade in Ontario. In that report, considerable attention was paid to the period 1977-78 to 1982-83 because of a possible physical capacity problem during those years if enrolment increased beyond a certain level. As matters now stand, it seems likely that enrolment will fall short of the peak in Council's lowest forecast for the period in question and physical capacity will not be a problem. It will be remembered that based on the forecast population of the 18-24 age group, and assuming that the 1975-76 participation rate remained constant, full-time undergraduate enrolment was projected to increase from 141,529 in 1975-76 to 158,900 in 1982-83. After 1982-83, enrolment was projected to drop to 137,000 by 1990-91.

With the benefit of the actual enrolments for 1976-77 and 1977-78 and more up-to-date birth rate information, any forecasts made now would differ from those made last year. In this report, Council is not concerned with making detailed forecasts but rather with setting forth new information on enrolment possibilities for the next 15 to 20 years. Enrolment forecasting is fraught with difficulties and there would be little gained by trying to be precise about the next decade or two. Reasonable estimates for planning purposes are important, however, and a sense of future enrolment possibilities can be obtained by using the simple participation rate-age group model.

The exercise must begin with a review of the enrolment picture for 1976-77 and 1977-78. In 1976-77, full-time undergraduate enrolment increased by something in the order of 1.5 to 2.0% over the 1975-76 figure. It is not possible to be more precise because the method of reporting full-time students was changed in 1976-77. With respect to 1977-78, the Fall figures are known and enrolment is about 2.8% below the 1976-77 figure and approximately 1% below the 1975-76 level. The obvious question that must be addressed is "why is enrolment below Council's previous estimates?" Was there something wrong with the estimated number of people in the 18-24 age group or did the participation rate change?

Dealing first with the participation rate, it is approximately 12.5% in 1977-78 as compared to about 13% in 1975-76. If the participation rate had remained at 13%, 9,000 more full-time undergraduate students would be enrolled than at present. The decrease in rate reflects both the drop out of students in the upper years of university and the decreased number of students proceeding to university from year 5. There is, of course, the possibility that 1977-78 is atypical and that the participation rate will return to the 1975-76 level in 1978-79. While the possibility remains, the available information on year 5 enrolment in 1977-78 suggests that the freshman intake of the universities next year will be lower than that of 1977-78, thus implying a further drop in full-time undergraduate enrolment in 1978-79. Should enrolment drop next year by a further 2%, the participation rate will be reduced to 12% which was the rate for the period 1971 to 1974. Over the next 20 years the rate could go lower than 12% or it could move higher than the 13% experienced in 1975-76. Many factors influence the decision about whether or not to go to university.

Whatever participation rate is chosen as the estimate for the future, the base that must be known for the projection using the participation rate-age group model is the number of people of ages 18-24 year by year until 1995. Since last year, new information on birth rates has become available that substantially changes the numbers in the later years of our forecast period. The new figures for the age group are given in Appendix 1 using only live birth data year by year in Ontario from 1946 until the present. Unlike Statistics Canada figures which were used last year, no allowance has been made for deaths or for migration into or out of Ontario. As seen in Appendix 1 the number of people in the 18-24 age group does continue to increase until the 1981-83 period. It should be emphasized again that the number of people in the age group has increased from 1975-76 to the present but enrolment in the universities has fallen. From the years 1981-83 onwards, this age group number declines continuously until at least 1995. The magnitude of the decline from the peak is approximately 20%.

What does all of this mean? Can reasonable estimates be made for full-time undergraduate enrolment in 1995? The short answer is yes, so long as any assumption of participation rate remains valid. If the participation rate remains at 12%, enrolment could rise to a peak of 5% above the estimated 1978-79 level in the period 1981-83. After the peak, enrolment would fall by 20% until 1995. Because of the rapidly declining birth rates of the late 1960's, the drop will be steep in the early part of the decline and less steep in the later period. To set these figures in perspective, the full-time undergraduate enrolment figure estimated for 1995-96 using this model is comparable to the actual enrolment in 1971-72.

As stated earlier, the estimate just provided could vary up or down depending upon the participation rate. The enrolment could also vary due to changes in the flow of 18-24 year olds into or out of Ontario because of migration. However, large changes in the migration flow would be required in order to have any significant effect on the outcome of this exercise. Council is also aware that the estimate is for full-time undergraduate enrolment and that no estimate has been provided for the part-time component. Projecting part-time enrolment is even more hazardous than estimating full-time enrolment and Council is not prepared to undertake the exercise at this time. The drop in part-time enrolment from 1975-76 to 1977-78, however, does not lead Council to expect large increases in this area.

Although readily admitting that the present exercise is only a rough forecast, Council does believe that it is of value in identifying the magnitude of part of the problem that confronts the universities over the next several years.

Funding and the Challenge Past

While Council is concerned that the universities recognize the enrolment prospects facing them at present, it is equally concerned with noting the achievement of the university system during the 1970's. This can be accomplished by presenting a retrospective analysis of the funding of universities taking enrolment increases and inflation into account. The starting point of the analysis is the year 1970-71, the first year in which the finance officers of Ontario universities reported financial information using a common format.

The basic purpose of the exercise displayed in Table 1 is to calculate the revenues received per student in the university system of Ontario for the years 1970-71 to 1978-79. A detailed explanation of Table 1 is given in Appendix 2 but a simple description is given here.

Column 1 of Table 1 gives the year in which the income was received. Column 2 shows the total formula grants plus current year fees available to the universities in the fiscal year shown in the first column. The revenue shown is that which is directly or indirectly controlled by Government. Interest income, incidental fees and minor

Table 1

Trends in Constant Dollar Grants plus Fees per Full-Time Student Equivalent

1	2	3	4	5	6	7	8	9	10
Year	Formula Grants plus Current Year Formula Fees	Non-Formula Grants	Total Grants plus Fees	CPI January—January	Grants plus Fees in Constant 1970-71 Dollars	Current FTE Enrolment	Constant Dollar Grants plus Fees per FTE	Index of Column 8	BIU to FTE Ratio
	($ thousands)	($ thousands)	($ thousands)	(1971 = 100)	($ thousands)		($)		
1970-71	399,597	9,040	408,637	97.7	408,637	145,977.4	2,799	100.0	1.66
1971-72	443,983	8,551	452,532	102.5	431,340	154,955.4	2,784	99.5	1.66
1972-73	472,336	5,720	478,056	108.3	431,266	157,090.4	2,745	98.1	1.70
1973-74	503,713	6,977	510,690	118.1	422,476	169,219.3	2,497	89.2	1.70
1974-75	571,983	9,610	581,593	132.4	429,166	181,074.1	2,370	84.7	1.70
1975-76	654,951	11,630	666,581	145.1	448,828	191,823.9	2,340	83.6	1.70
1976-77	741,423	9,890	751,313	154.0	476,645	194,269.2	2,454	87.7	1.69
1977-78	809,877	9,795	819,672	168.6	474,982	189,442.9	2,507	89.6	1.70
1978-79*	848,443	9,600	858,043	182.1	460,356	185,703.0	2,479	88.6	1.70

* CPI is estimated to increase by 8% in 1978-79.
Enrolment and the related formula fees are estimated to decrease by 2% in 1978-79.

revenue sources have been excluded. The non-formula grants are listed in column 3 and total grants plus current year formula fees in column 4. Column 5 lists the consumer price index which when applied as the proxy for inflation to column 4 allows grants plus fees to be expressed in column 6 in constant 1970-71 dollars. Column 7 records the full-time equivalent enrolment and column 8 shows the constant dollar grants plus fees per full-time equivalent student. For comparison purposes, column 9 displays the information of column 8 in percentage terms. Column 10 is added to show that there has been no substantial change in mix of students since 1970-71.

The last figure of column 9 shows that grants plus formula fees per student in 1978-79 is 89% of the 1970-71 value when the effect of inflation is removed. A more revealing way to look at the figures displayed is to calculate the funds required to have the students enrolled in 1970-71 funded at the 1970-71 level through the period and then calculate the revenue per additional student since 1970-71. This exercise shows that, on average, all additional students taken into the universities since 1970-71 have been accommodated at an income of approximately 50% of the income per student for the base year. While it goes without saying that the universities have had no choice in the level of funding over the years, it nevertheless remains an achievement that they have met the accessibility policy of the government at the funding levels allowed per student since 1970-71.

Funding and the Challenge to Come

It is one thing to meet successfully the challenge of growth but quite another to cope with a decline in enrolment as well as a decline in funding measured in constant dollars. The funding prospects for the next 3 to 4 years are clearly visible in the paper "Towards a Balanced Budget" which is part of the document "Ontario Budget 1977". A glance at the 18-24 age group figures in Appendix 1 will confirm that enrolment decline may be substantial following the 1981-83 period. These two matters in combination indicate that many difficult years are ahead for the universities. Council's concern about how the universities will respond to the new situation is clearly evident from the questions raised in the letter of October 7, 1977 from the Chairman to each institution. (Appendix 3)

If one of the main objectives for the next 15-20 years is to have universities that can perform their many functions well, some very important questions must be raised about the present university system. Although some of the questions may be unsettling, this is no reason to avoid asking them. To question is part of the heritage of the university.

Without in any way attempting to provide answers, Council does wonder aloud about several matters. Should the present number of free standing, autonomous institutions be reduced by closure or merger to ensure adequate support for those that remain? Should the number of institutions now offering graduate programs be reduced? Is it possible or desirable to rationalize the system by designating which undergraduate and graduate programs should be offered by which institutions? As faculty complement is reduced will mechanisms be found to ensure that young researchers and scholars can be employed in the system? Can ways be found to ensure that the best of research and scholarship is maintained despite restricted funding for the system as a whole? Regardless of the answers to these questions, restricted funding over a sufficiently long time could endanger the essential character of the university — at what point will irreparable harm be done?

To view the universities solely as teaching institutions is a major error. The university has many functions which are not related directly to the number of students and Council has tried to take this into account when recommending upon funding and allocation. Of course, teaching is important but so are the research, scholarship and public service aspects of the university. The university provides much of the research

that is done in Canada and is a major source of specialized services to governments at all levels, industry and the public. It is the university that generates much of the criticism of established beliefs through scholarship and the search for knowledge. These functions are and have been for decades (centuries for some) a part of a free society. Universities can only perform these functions well if they are strong and vigorous institutions.

The challenge to come can be stated very simply. Strong universities must continue to exist in Ontario, through whatever changes are necessary, despite declining enrolment and restricted funding.

Appendix 1

Trend in the 18-24 Year Age Group in Ontario from 1970-71 to 1995-96

Academic Year	18-24 Age Group Generated from Live Birth Data (Thousands)	% Change from Previous Year
1970-71	764.5	
1971-72	796.8	4.2
1972-73	824.3	3.5
1973-74	859.6	4.3
1974-75	896.5	4.3
1975-76	938.7	4.7
1976-77	976.6	4.0
1977-78	1009.8	3.4
1978-79	1039.3	2.9
1979-80	1060.7	2.1
1980-81	1077.2	1.6
1981-82	1088.7	1.1
1982-83	1090.5	0.2
1983-84	1079.5	— 1.0
1984-85	1054.3	— 2.3
1985-86	1022.6	— 3.0
1986-87	991.2	— 3.1
1987-88	965.5	— 2.6
1988-89	945.2	— 2.1
1989-90	922.8	— 2.4
1990-91	906.3	— 1.8
1991-92	898.1	— 0.9
1992-93	894.8	— 0.4
1993-94	894.3	— 0.1
1994-95	886.5	— 0.9
1995-96	873.9	— 1.4

The 18-24 age group has been calculated as the sum of the live births in Ontario 18 to 24 years previously, commencing with 1946 births. Except for 1977 where the number of live births has been estimated from the data for the first nine months of the year, the live birth information has been obtained from the Registrar General of Ontario.

It has been assumed that there is no mortality or migration affecting the population. Because in-migration normally exceeds mortality and out-migration the total size of the age cohort is understated but this would not have a major effect on the size and direction of changes in the 18-24 year age group.

Appendix 2
Notes and Explanation of Table 1

Column 1 — *Year in which the income was received*

Column 2 — *Formula Grants plus Current Year Formula Fees*
Formula grants to the provincially-assisted universities, church-related colleges (including theology programs), Ryerson, Ontario Institute for Studies in Education and Ontario College of Art are included for all years.
Church-related colleges received 50% grants prior to 1974-75.
Wilfrid Laurier University received 50% grants prior to 1973-74.
Theology programs were eligible for 100% grants in 1976-77.
Formula fees are recorded here on a current year basis for all years.
Sources: Committee of Finance Officers — Universities of Ontario Annual Financial Data,
Ontario Council on University Affairs Annual Reports,
Ministry of Colleges and Universities Statistical Summaries,
Ministry of Colleges and Universities Financial Reports.

Column 3 — *Non-Formula Grants*
Non-formula grants include bilingualism grants, supplementary grants and Northern Ontario grants.
Sources: OCUA Annual Reports
MCU Statistical Summaries

Column 4 — *Total Grants plus Fees*
Sum of formula grants, non-formula grants and formula fees. This represents that portion of university revenues under the direct control of the Government.

Column 5 — *Consumer Price Index — January over January*
CPI figures are January figures with the exception of 1977-78, which is an estimate based on the most recent increase in the CPI. January is chosen since it is near the midpoint of the university fiscal year.

Column 6 — *Grants plus Fees in Constant 1970-71 Dollars*
The total grants plus fees figures in column 4 are deflated by the inflation index in column 5.

Column 7 — *Current-Year FTE Enrolment*
Enrolment data include the provincially-assisted universities, church-related institutions (including theology programs), Ryerson, OISE and OCA. Enrolment at church-related institutions receiving 50% funding is also recorded at 50%.

Column 8 — *Constant Dollar Grants plus Fees per FTE*
These figures represent total grants plus fees per FTE student in 1970-71 dollars.

Column 9 — *Index of Column 8.*

Column 10 — *BIU to FTE Ratio*

1978-79 Estimate — Total grants are known but the separation into formula and non-formula grants is estimated. FTE enrolment is estimated to decrease 2%. CPI is estimated to increase 8%.

Appendix 3

Text of Letter to Executive Heads Concerning 1978 Briefs to OCUA

October 7, 1977

Dear :

After the public hearings last Spring, several universities requested that Council provide more time in the future for the preparation of briefs. The final schedule for the hearings in 1978 is enclosed and we hope that this early call for briefs will help you in your planning. As usual, we would be grateful for your views on any issue of interest or concern to your institution as well as your response to the specific issues raised in this letter.

If Council followed its normal practice, one of the questions put to you at this time would be "What is your estimate of the funding required in the system for 1979-80?" While hoping you will answer the question, Council wishes to extend the discussion in the light of the paper "Towards a Balanced Budget" which is contained in the document "Ontario Budget 1977" introduced in the Legislature by the Treasurer of Ontario on April 19, 1977. In that the first year of the Treasurer's plan has been implemented, it is likely that all publicly supported programs face three years of financing below the level that we have come to expect. To be specific, Council would like to know of any plans you have to cope with "the new reality". With restricted funding and declining enrolment upon us, are savings possible by the merging of one institution with another or through the merging of certain specific services such as libraries, computing, campus planning, other administrative support services and even teaching in geographically proximate institutions (or indeed system wide)?

With regard to the present financial picture, would you be good enough to provide us with your best estimate of the surplus or deficit position for the year 1977-78 as well as the accumulated surplus or deficit as of April 30, 1978.

Last year you provided Council with a good deal of information on your space inventory including space rented and rental paid. It would be appreciated if you would let us have an up-dated version of that material as of November 1, 1977.

Although only preliminary figures are available now, it looks as though undergraduate enrolment in 1977-78 is below expectation for the system. Bearing the above in mind, Council would like to know your enrolment projections for the next three years for both full-time and part-time students. With respect to the part-time students, would you provide us with a breakdown by sex, age and occupation please. Figures for 1977-78 and 1976-77 would be helpful. Council is anxious to learn of any plans you have for more actively promoting part-time studies. Do you now or do you plan to offer courses in the twilight hours, in concentrated periods of 2 to 3 weeks in the summer, on weekends to groups on request, etc.?

It will come as no surprise to you that Council continues to take an active interest in the graduate area. In this connection, through the C.O.U., we are requesting that the macro-indicator information provided in 1977 be up-dated and made available in 1978. There may be some changes in format but any change will be discussed with the C.O.U. From each individual institution Council would like a response to the following questions. Did you find the indicators useful in your planning process and did they lead to any program reviews? Have you any examples of "hard decisions" taken by your university in the graduate area? Related to the previous question is another of interest. What programs have been proposed and subsequently dropped for the immediate future by your university in the 3 or 5 year plans submitted during the past 5 years?

Concerning graduate enrolment, Council is interested in having information on enrolment trends for Masters and Doctoral programs with the professional Masters programs such as M.B.A. and M.Ed. separated from the others. A final question concerns the new student assistance scheme proposed by the Minister. What effect do you think it will have on your graduate enrolment for 1978-79?

Council looks forward to meeting with you next spring at the time indicated on the enclosed schedule. In order that we may be fully prepared for the meeting we would be grateful for 35 copies of your brief by February 28, 1978.

Yours sincerely,
W.C. Winegard,
Chairman.

Council's Advisory Memoranda

77-I The Ontario Graduate Scholarship Program, 1978-79

In this memorandum Council advises on the 1978-79 scholarship competition under the following headings: scholarship eligibility, scholarship stipends, number of awards and administrative developments.

Scholarship Eligibility

Council's position with respect to scholarship eligibility remains unchanged from that presented in Advisory Memoranda 76-II and 75-III. In each of those memoranda Council recommended that the Ontario Graduate Scholarship Program be equally open to Canadian citizens and to those who hold landed immigrant status as of the official annual closing date for applications. Of concern to Council is a situation where, despite changes to the 1977-78 eligibility rules, the existing rules governing landed immigrant eligibility for an OGS remain more restrictive than the eligibility rules that govern the federal scholarship programs of the Medical Research Council, Canada Council and National Research Council. Furthermore, discrimination between landed immigrants and citizens has the potential of eliminating highly qualified landed immigrants and hence lowering the standard of the competition. In Council's opinion this contradicts the objective of the Ontario Graduate Scholarship Program which is to reward academic excellence.

Council believes that Government should reconsider its treatment of landed immigrants with respect to scholarship eligibility and accordingly *recommends to the Minister:*

OCUA 77-1 (76-2) (75-3)
ONTARIO GRADUATE SCHOLARSHIP PROGRAM ELIGIBILITY

THAT the Ontario Graduate Scholarships be equally open to Canadian citizens and to persons who hold landed immigrant status as of the official annual closing date for applications, it being understood that this provision applies similarly to institutional nominees.

In addition Council wishes to comment on the eligibility of foreign visa students. In the 1977-78 Ontario Graduate Scholarship competition up to 50 awards were reserved for recently arrived landed immigrants and persons on a student visa. While Council did not specifically recommend that any awards be set aside for foreign visa students in Advisory Memorandum 76-II, Council noted that the purpose of the Ontario Graduate Scholarship Program is to reward academic excellence, and in that foreign student eligibility potentially adds to the level of excellence of the competition, it is compatible with the purpose of the Program.

For the 1978-79 OGS competition Council supports the continuation of this special category of awards. However, in light of the preceding recommendation concerning landed immigrant eligibility Council considers that only student visa holders should be eligible for an award from this category.

Council *recommends to the Minister:*

OCUA 77-2
FOREIGN VISA STUDENT ELIGIBILITY

THAT, a special category of Ontario Graduate Scholarships be established for persons who, at the time of application are student visa holders, with the precise number of scholarships to be determined in a manner consistent with the considerations outlined in this Memorandum.

Scholarship Stipends

Table 1 presents an historical comparison of the OGS stipend with the stipends of

the federal prestige award programs through 1977-78. The Table reveals the extent to which the value of the OGS stipend has deteriorated when compared with the federal agencies' stipends. To Council an OGS stipend moderately lower than the stipend of the federal awards is acceptable since the Ontario Graduate Scholarships are awarded through a Provincial rather than national competition. However, Council feels strongly that the OGS stipend should not remain substantially lower than the federal stipend levels. It has been, and continues to be, Council's considered opinion that the Ontario Graduate Scholarship should carry a stipend sufficient to attract and nurture excellence in graduate studies. Given this disposition Council is again prepared to accord priority to a higher stipend over increasing the current number of awards. To arrive at the stipend level for 1978-79 Council refers to the 1974-75 relationship between the OGS stipend and the stipend levels of the federal awards. If such a relationship existed in 1977-78, the OGS stipend would be approximately $5,000. While acknowledging the likely possibility that the stipend levels of federal awards will increase again in 1978-79 Council appreciates that a restoration of the 1974-75 relationship between stipends in one year might result in an unduly large reduction in the number of awards.

Table I

Comparative Scholarship Stipends

	OGS	NRC Stipends (PGS 1 & 2)	Canada Council Stipends (1st & 2nd Ph.D.)
1971-72	—	$3,800	$3,500
1972-73	—	$3,800	$3,500
1973-74	—	$4,050	$3,500
1974-75	$3,400*	$4,050 to Oct. 1 $4,500 from Oct. 1	$4,000
1975-76	$3,400*	$5,000	$5,000
1976-77	$3,750	$5,520	$5,500
1977-78	$4,350	$6,000	$6,000
% Increase in 1977-78 over 1974-75	27.9	48.1	50.0

* Adjusted to take account of integration of fees into stipend in 1976-77.

Council *recommends to the Minister:*

OCUA 77-3

ONTARIO GRADUATE SCHOLARSHIP STIPENDS, 1978-79

THAT, as a matter of first priority the Ontario Graduate Scholarships carry a stipend of $5,000 or $1,667 per term in 1978-79.

Number of Awards

The 1977-78 competition reserved 45 institutional awards (9 per university) for those universities having no doctoral programs. Council advocates the continuation of the institutional awards for 1978-79, and accordingly *recommends to the Minister:*

OCUA 77-4
INSTITUTIONAL AWARDS TO UNIVERSITIES WITHOUT DOCTORAL PROGRAMS

THAT, up to 45 scholarships (9 per university) be institutional awards in 1978-79 for the universities having no doctoral programs.

Council will review the appropriateness of these institutional awards in relation to the graduate program planning process.

For the 1977-78 OGS competition, government established a category of scholarships that provided 50 awards for recently arrived landed immigrants and persons on student visas. Consistent with recommendations 77-1 and 77-2 in this Memorandum, this special category becomes exclusive to persons on student visas. Council *recommends to the Minister:*

OCUA 77-5
ONTARIO GRADUATE SCHOLARSHIPS TO PERSONS ON STUDENT VISAS

THAT, up to 50 scholarships be reserved for persons who, at the time of application, are student visa holders.

When Council's recommendations concerning the foreign visa student awards and the institutional awards are taken into account a total of 850 awards remain available for open competition in 1978-79 if the preceding year's total number is maintained. At a stipend level of $5,000, OGS funding would have to increase by 15% to maintain the total number of awards at the 1977-78 level. While according priority to an increased stipend over increasing the number of awards, Council is aware that a substantial reduction in numbers will be to the detriment of the Program. On this point Council notes the request contained in the current report of the Chairman of the Selection Board to increase the number of awards.

In Council's opinion the number of awards should be determined in relation to the increase in total funding. At a stipend of $5,000 Table II illustrates the number of awards which would be available in a range of funding increases from 5% to 22%. The upper limit of this range would virtually restore the number of awards to the 1,000 level of 1976-77.

For 1978-79, Council urges that the increase in funding for the OGS Program be within the percentage range shown in Table II, and *recommends to the Minister:*

OCUA 77-6
NUMBER OF ONTARIO GRADUATE SCHOLARSHIP AWARDS IN 1978-79

THAT, consistent with the priority attached by Council to a 1978-79 stipend of $5,000, the numbers of Ontario Graduate Scholarships available for:
(a) open competition,
(b) institutional awards at Brock, Lakehead, Laurentian, Trent and Wilfrid Laurier, and
(c) foreign visa students
be determined in the manner illustrated in this Memorandum.

Table II

Number and Composition of OGS Awards for 1978-79 Under Alternative Funding Increases

Per Cent Increases in Funding for 1978-79 over 1977-78	Total Awards Possible at a Stipend of $5,000	Awards Available for Open Competition	Awards Available for Foreign Visa Students	Institutional Awards for Equal Distribution by Quota Among Small Universities
%	(No.)	(No.)	(No.)	(No.)
5	863	783	40	40
6	871	790	41	40
7	879	797	42	40
8	887	804	43	40
9	896	812	44	40
10	904	819	45	40
11	912	826	46	40
12	920	833	47	40
13	929	841	48	40
14	937	848	49	40
15*	945	850	50	45
16	953	858	50	45
17	961	866	50	45
18	970	875	50	45
19	978	883	50	45
20	986	891	50	45
21	994	899	50	45
22	1,003	908	50	45

* The recommended stipend of $5,000 for 1978-79 is approximately 15 per cent greater than the stipend for 1977-78. Therefore the OGS funding for 1978-79 would have to increase by 15 per cent to maintain the number of awards at 945 assuming that there is no change in the mix of three-term and two-term awards.

Administrative Developments

It is Council's practice when advising on the OGS Program to concern itself with policy issues and refrain from interfering with purely administrative matters. Council, having received the report of the Chairman of the Selection Board, Vice-Dean A.J. Baer of the University of Ottawa, commends the Chairman and his colleagues, as well as the Ministry officials involved, for their successful participation in the operation of the Program. Council is confident of a continuation of fruitful cooperation and is satisfied that the parties directly involved are best able to deal with the recommended administrative changes contained in the Chairman's Report.

W.C. Winegard
Chairman

June 3, 1977

77-Ii The Secondary/Post-Secondary Interface

In February of 1975 Hon. J.A.C. Auld, then Minister of Colleges and Universities, informed Council by letter of a forthcoming [illegible]ed review of the interface between secondary and post-secondary education in the Province. Council was invited to participate in the review. During the two years that have elapsed since the original announcement, much has transpired to expose issues of contention and concern in the relationships and roles of Ontario's secondary and post-secondary institutions.

Prominent among the catalysts that have prompted the current debate has been the Secondary/Post-Secondary Interface Study jointly commissioned by the Ministers of Colleges and Universities and of Education. Following the release of this study early in 1977, more than 50 briefs from interested individuals, groups and institutions were received by the Ministers. In addition to these, Council benefited from exploring many related concerns with the university community during its regular spring hearings.

Among the specific issues actively under debate are (1) core curriculum in the secondary schools, (2) student evaluation and levels of student achievement, (3) post-secondary admission standards, practices and expectations, (4) grading practices, (5) program gaps and duplication, (6) the future of Year 5 (Grade XIII), (7) remedial programs in post-secondary institutions, and (8) transferability of credits between post-secondary systems.

Council's first general impression is that on each of the central issues there is a healthy diversity of opinion among the experts and other interested parties. Despite the diversity of opinion a spirit of cooperation is evident and improved communication has been cited time and again as the fundamental step from which to develop articulation and coordination at the secondary/post-secondary interface. With this Council fully concurs.

Council also agrees with Dr. H.H. Russell of the Ontario Institute for Studies in Education, author of the Interproject Analysis segment of the Secondary/Post-Secondary Interface Study, when he notes that "serious criticism of all levels of education has been a continuing phenomenon over a period of decades and even centuries". The issues upon which recent debate has focussed are not new. For precisely this reason Council cautions all parties against precipitous change designed to solve perceived problems. The Minister of Education, the colleges of applied arts and technology and the universities could do a serious disservice to education in the Province of Ontario if the impact of proposed changes is not thoroughly assessed and debated. Major policy changes in any single educational sector will have significant ramifications for all other sectors at the interface including the labour force and thus should not be made without consultation.

Facilitating Communication, Coordination and Articulation

The interface by its very nature is the locus of ongoing contention. The issues may change but debate will undoubtedly continue.

The issues currently under debate at the interface fall into two general groupings. First are those of an academic nature such as gaps and duplication in course content, where no major policy question is at issue. In Council's opinion, these matters are best left to the practicing teachers at the local and/or provincial levels.

Into the second category fall major policy questions with ramifications for more than one educational sector. Issues such as core curriculum in the secondary schools and the future of Year 5 cannot be considered at other than the provincial level, nor should decisions on these questions be made unilaterally without input from the entire range of parties to the interface including the general public.

The cooperative spirit which Council believes is currently present among educators from each of the three systems that converge at the interface is one that must

be nurtured if coordination and articulation are to be improved.

Council has been apprised of the existence of many inter-jurisdictional cooperative efforts which have evolved over time, particularly at the local/regional level. Examples are both more formal regional organizations such as the Ottawa Valley Educational Liaison Council and less formal contacts between teachers and faculty of the same discipline from different institutions. Expansion and coordination of such communication networks, while desirable, are unlikely to happen spontaneously. Rather they will require encouragement and facilitation.

These considerations have led Council to believe that a tri-level system of communication would be most suitable for the exploration and resolution of issues at the interface.

Local Discipline (Subject) Committees. Where these do not already exist, local/regional committees of teachers and faculty within the disciplines which bridge the interface should be formed either on the initiative of the institutions or under the auspices of regional organizations of institutions. Committees of individuals from secondary schools, colleges and universities would address questions of gaps and duplication in course content at the local level. This level of communication is essential both to assist students who wish to cross the interface in each region, and also to provide a foundation of local experience and information on which any province-wide coordination must be based. Council suggests that the Ministers of Colleges and Universities and of Education encourage such liaison efforts.

Provincial Discipline (Subject) Committees. Since universities, and to an increasing extent colleges, attract students from beyond their immediate region, there appears to be a need to evaluate province-wide patterns of disciplinary coverage. Council visualizes Provincial Discipline Committees drawing upon the expertise and experience of local discipline committees to develop, through consensus, recommendations on discipline content for the Ministry of Education, the Council of Regents for Colleges of Applied Arts and Technology, the Council of Ontario Universities, and individual autonomous post-secondary institutions. Membership would include teachers from universities, colleges and secondary schools. On the university side, Council notes that the Council of Ontario Universities has available to it organizations of faculty within disciplines from which to name university representatives.

Council *recommends to the Minister:*

OCUA 77-7
PROVINCIAL DISCIPLINE COMMITTEES

THAT, the Minister of Colleges and Universities and the Minister of Education jointly encourage and sponsor the establishment of Provincial Discipline Committees in a manner consistent with the considerations outlined in this Memorandum.

Provincial Interface Planning Committee. Council reiterates its opinion that debate is an integral and necessary characteristic of an interface such as that which exists between the secondary schools, colleges and universities in Ontario. What has been lacking in the recent past is a mechanism for channelling debate and generating policy recommendations.

In order to promote a consultative and coordinated approach to major policy issues Council proposes the establishment of a Provincial Interface Planning Committee whose mandate would involve maintaining a watching brief on the interface, evaluating the implications of proposed policy changes in one educational sector for the other two sectors, and making policy recommendations concerning the interface. Recommendations would be made where appropriate to the Ministers of Colleges and Universities and of Education, the Council of Regents, the Council of Ontario

Universities, individual autonomous educational institutions and other affected parties. This committee would have no power beyond that of giving advice. However, to ensure its effectiveness as an advisor, Council feels that the committee should be formally established under the joint auspices of the Ministers of Colleges and Universities and of Education. The following should be specified clearly at the time of the committee's creation: its mandate, composition, relationship to the two Ministers and administrative support arrangements such as staffing and funding.

As concerns membership, Council would suggest that a balanced representation be drawn from the two Ministries, the secondary and post-secondary systems and the broader public.

The committee, in Council's opinion, would provide an appropriate and necessary forum for addressing issues currently being debated such as the future of Year 5, core curriculum in the secondary schools, student evaluation, and post-secondary admission practices.

Accordingly, Council *recommends to the Minister and to the Lieutenant Governor in Council:*

OCUA 77-8
PROVINCIAL INTERFACE PLANNING COMMITTEE

THAT, a Provincial Interface Planning Committee be formally established in a manner consistent with the considerations outlined in this Memorandum.

Funding for Special University Programs at the Interface

In February of 1975 the Minister also specifically asked Council to examine and recommend upon the criteria under which students may be claimed by the provincially-assisted universities for operating support. The letter went on to say:

> "The Ministry has made no attempt to interfere in the universities' autonomous responsibility to determine admission standards, and we do not propose to alter this policy. We have a responsibility, however, for defining which students may be claimed for support under the operating formula. This formula, at the present time, envisages basically that only students who have qualified for the Ontario Secondary School Honour Graduation Diploma or its equivalent may be claimed for operating support. (Mature students have been specifically exempted from this limitation).
>
> In view of the decision to proceed with the joint studies that I have referred to, and while these studies are in progress, it has seemed desirable to maintain the present funding rationale. Accordingly, no further changes will be allowed in the present basic funding policy, which at the present time allows universities to claim only those students who have completed the requirements for the Ontario Secondary School Honour Graduation Diploma or the equivalent ("mature" or "adult" students excepted). We have also given notice to those universities with preliminary year programs or with permission to claim students admitted directly from Grade 12, that we intend to discontinue funding these programs in the future unless we receive strong evidence that these programs are essential."

Council understands the Government's sense of responsibility for defining which students may be claimed for support from the public purse under the formula and would be remiss in its responsibility to Government and to the university system if at this time it failed to comment on the formula eligibility criteria which relate to special university programs and practices at the interface.

Basic Eligibility. The normal pattern of educational experience followed by the majority of university-bound Ontario students in recent decades has involved completion of the Ontario Secondary School Honour Graduation Diploma (OSSHGD) as a prerequisite for university admission. Any widespread departure from this established pattern would constitute a major change in the structure of education in this Province. Insofar as non-Ontario students are concerned, the Ontario universities have developed and published requirements deemed equivalent to the OSSHGD, which may be attained in other educational jurisdictions.

At present Council can see no reason to recommend any change in the existing basic definition used in the Ontario Operating Formula Manual which states that ineligible students are those who are "registered in First Year of undergraduate degree programs who, on the applicable count date, have not successfully completed the requirements for the Ontario Secondary School Honour Graduation Diploma or the equivalent from other educational jurisdictions."

In the past there have been a number of exemptions from this basic regulation. Following a review of the current exemptions Council is of the opinion that three should be preserved. These are, (1) students registered in Music at the University of Toronto who have completed the requirements for the Ontario Secondary School Graduation Diploma and who have certain additional qualifications in music, (2) students registered in first year in a trimester program in the Winter or Spring term at the University of Guelph who leave Ontario Year 5 studies before the end of the normal school year with the permission of the high school principal, and (3) mature students.

At Toronto, evidence of performance capability for admission to music performance programs has been judged the equivalent of the OSSHGD as a prerequisite for admission to programs in other disciplines. The situation at Guelph results from a lack of coincidence between secondary school terms and Guelph's semesters. With regard to mature entrants, Council notes only that criteria for admission of students in this category vary from institution to institution. If age or other requirements were to be relaxed in the future, questions could be raised about the clientele for whom this entry route is provided. Indeed Council feels it would be timely for the Council of Ontario Universities to encourage the development of a standard definition of "mature" students for use in university admissions.

Preliminary and Transitional Year Programs. Four universities offer programs of pre-university study for which support is received through the Operating Grants Formula. These are Carleton (Qualifying Year), Ottawa (Pre-Science), Toronto (Transitional Year), and Windsor (Preliminary Year). While the programs vary from institution to institution in terms of stated purpose, clientele and method, they have one fundamental element in common — the provision of training at the pre-university level for students lacking the usual university entrance requirements.

The programs at Carleton, Ottawa and Windsor are currently classified in the Operating Formula Manual as preliminary year programs and are funded at a formula weight of 0.7. In most instances, preliminary year courses may not be applied against the normal number of credits required for an undergraduate degree. Council has learned from Carleton University that courses in its Qualifying Year may or may not count for degree credit depending upon the individual student's level of achievement.

While remaining sympathetic to some of the objectives of preliminary year programs, Council has concluded that public funding for the preparation of students at the pre-university level should be provided through the secondary school system. The universities continue to experience pressure to accommodate growth in degree programs despite limited capacity. The funding of universities is such that this system will continue to be under financial restraint so long as growth must be accommodated. Then too, the earlier passing of the enrolment bulge from the school system

may make teaching resources more readily available there than in the post-secondary institutions.

Toronto's Transitional Year Program (TYP) has been developed to serve the needs of disadvantaged students. A recent report from the TYP Task Force at the University of Toronto argues that students in this program, because of their backgrounds, should not be expected to pay tuition fees and should benefit from a special student assistance scheme. The report also indicates the academic desirability of housing this program in separate quarters.

Council recognizes that students approach university studies with wide ranges of educational experience and socio-economic background and realizes that there is a particular responsibility to assist disadvantaged students in overcoming hurdles that may stand in the way of further education. Council has concluded that this responsibility can best be discharged under the auspices of the Boards of Education. This approach would simultaneously resolve the matter of tuition for disadvantaged students and, because the Boards are located throughout the Province, enhance geographic accessibility for students in areas other than Toronto. Because experience indicates that transitional programs for disadvantaged students are less likely to be successful if offered within the traditional secondary school environment, the programs might well be conducted under the aegis of the Boards of Education on university campuses or in other appropriate locations.

Having taken all of the above considerations into account, Council *recommends to the Minister:*

OCUA 77-9
ELIGIBILITY OF PRELIMINARY YEAR PROGRAMS FOR SUPPORT UNDER THE OPERATING GRANTS FORMULA

THAT, beginning in 1978-79, students registered in preliminary years at Carleton University, the University of Ottawa and the University of Windsor, and students registered in the Transitional Year Program at the University of Toronto be considered ineligible for support under the Operating Grants Formula.

Given the recent changes in the formula, the full fiscal impact of the above recommendation on the institutions would be gradually phased over a multi-year period. This, in Council's judgement allows sufficient time for the affected universities to make the requisite adjustments.

Brock University — Grade XII Entrant Program. Some universities admit a limited number of exceptional students who have not completed the requirements for the Ontario Secondary School Honour Graduation Diploma. Normally universities may not claim these students for formula support until they enter second year. In 1972 Brock was granted an exemption from this rule in order to offer an experimental program for exceptional Grade XII entrants.

Council hopes that the results of Brock's experiment over the past few years may help to clarify a range of questions concerning the secondary/post-secondary interface and may be put to profitable use in the ongoing debates over the future of Year 5. In any case Council suspects that exceptional students who qualify for admission before completion of the OSSHGD should be capable of taking advantage of opportunities available in secondary schools for accelerating the completion of the Honour Diploma.

Given the time that has elapsed since Brock first undertook this experiment and given that other institutions are involved in similar admission practices but do not receive funding for one year, in Council's judgement it would be inequitable for Brock to continue to receive exemption from the general eligibility regulation. Council *recommends to the Minister:*

OCUA 77-10
ELIGIBILITY OF BROCK GRADE XII ENTRANT PROGRAM FOR SUPPORT UNDER THE OPERATING GRANTS FORMULA

THAT, beginning in 1978-79, students registered in first year at Brock who have not completed requirements for the Ontario Secondary School Honour Graduation Diploma or the equivalent from other educational jurisdictions be considered ineligible for support under the Operating Grants Formula.

Remedial Programs. Council has learned that university involvement in non-credit remedial work has been increasing of late. While some requests have been received for funding in support of remedial programs, there does not appear to be consensus among the universities that such programs are essential elements of their mandate or that they should be funded as such. The evidence suggests that remedial courses are designed to instruct students in skills normally expected to have been acquired by secondary school graduates. Indeed, university offerings of this type can be viewed as symptomatic of interface problems. Council is optimistic that such problems will be resolved to the satisfaction of all in the fullness of time. Universities have demonstrated their ability to respond, in the interim, to a situation where remedial work is offered without additional funding and Council would encourage them to continue to do so as long as the need persists.

W.C. Winegard,
Chairman

July 12, 1977

77-III Government Support for the University System in 1978-79

In this Memorandum, Council tenders its funding advice for the Ontario university system in 1978-79 under two master headings, operating grants and capital assistance.

Operating Grants

The setting within which Council's recommendations are made continues to be one in which "economic circumstances and longstanding policy indicate the need to sustain the existing university system in the face of price increases and enrolment growth." Given this situation Council espouses the same basic objectives for 1978-79 as it did in Advisory Memorandum 76-III. These are (1) "to offset inflationary trends" (2) "to maintain existing levels of service" and (3) "to accommodate predicted enrolment increases at the undergraduate level."

Council also employs the same basic model as it did in Advisory Memorandum 76-III. The continued use of this approach enhances the predictability and stability of university funding within the framework of the straitened economic circumstances that face the Government.

Costing Council's Basic Funding Objectives for 1978-79

The costing of Council's basic funding objectives for 1978-79 closely parallels the exercise undertaken for 1977-78 in Advisory Memorandum 76-III. There are changes in some of the percentages applied to the figures used in the base and to some of the elements included in that base. Each change is explained in the following description of Council's exercise, the several components of which are displayed in the columns of Table I. This Table incorporates the threefold division of university system outlays consistently used by Council in its funding advice, namely, salaries, fringe benefits and non-salary expenditures.

Column 1: The 1977-78 Base — The starting point in the 1978-79 costing exercise is the base which is Council's estimated level of university system expenditures for 1977-78. Council has compared the preliminary 1977-78 budgeted expenditures prepared in the format of the Committee of Finance Officers — Universities of Ontario with its own revised forecast of revenues for the same year. This shows a small system deficit for 1977-78 which Council expects will no longer exist when actual expenditures and revenues are known. The total system expenditures in the 1977-78 base are therefore taken as equal to Council's estimate of system revenue, namely $895.4 million. As in Advisory Memorandum 76-III, the total of $895.4 million is distributed among the expenditure categories according to the percentage composition of expenditures contained in the 1977-78 budgets.

The institutions whose expenditures are included in the base include the fifteen provincially-assisted universities, the Laurentian affiliates, church-related colleges (including Theology programs), Ryerson Polytechnical Institute, The Ontario Institute for Studies in Education, and the Ontario College of Art.

The base provides the same coverage of expenditures as that in Advisory Memorandum 76-III with four exceptions:

(1) the inclusion of funds relating to Theology programs;

(2) the exclusion of expenditures of the University of Guelph that are financed by the Ontario Ministry of Agriculture and Food;

(3) the exclusion of expenditures of the Ontario Institute for Studies in Education that are financed by the Ontario Ministry of Education;

(4) the inclusion of the Ontario Ministry of Colleges and Universities' grants for minor repairs and maintenance projects.

The inclusion of Theology programs (1) consists of two components. One is the revenue that pertains directly to Theology and the other is an amount held in contingency by the Ministry for those programs that have not yet opted for 100% support from the Government. Whether or not all institutions offering Theology programs

Table I

The Cost of the Basic Funding Objectives Recommended for 1978-79: Provincially-Assisted Universities, Ryerson, OISE and OCA — ($ million)

	1	2	3	4	5	6	7
	Estimated Expenditures 1977-78	Inflationary Trend Cost 1978-79	Existing Service Level Cost 1978-79	Efficiency Factor (Negative)	Predicted Enrolment Costs 1978-79	Excess Capacity Factor (Negative)	Cost of Basic Objectives 1978-79
Salaries[1]	648.3	38.9	13.7	— 7.0	11.2	— 5.6	699.5
Fringe Benefits	71.6	4.3	1.5	— 0.8	1.2	— 0.6	77.2
Non-Salary	175.5	10.5	4.7	— 1.9	3.1	— 1.5	190.4
TOTAL	895.4	53.7	19.9	— 9.7	15.5	— 7.7	967.1

(1) The academic portion of salary costs is adjusted to recognize the two-month discrepancy between the University fiscal year (May-April) and the common university appointment year (July-June). A similar adjustment is not made for support staff salaries because the effective dates of salary adjustments for such staff vary widely among different employee groups and different institutions.

take up the offer of full funding, the funds are assumed to be available to the university system in 1977-78. If additional institutions accept full funding in subsequent years, no extra money will be requested for the system at that time. With respect to (2) and (3), these items are excluded on grounds that OCUA's terms of reference do not extend to advising the Ministers who are responsible to the Legislature for these grants. Moreover, these grants are not intended to support either the direct or indirect costs of the instructional activities of the students reported as eligible for operating grant purposes. Concerning (4), these funds have in fact been used for operating purposes, on minor repairs and maintenance, although projects of this nature have previously been classified as capital.

For a reconciliation with Advisory Memorandum 76-III see the Appendix to this Memorandum.

Column 2: Inflationary Trend Costs — In Advisory Memorandum 76-III Council calculated the cost of offsetting inflationary trends in salaries and fringe benefits with reference to the targets that the anti-inflation program sought to achieve. Council took the "basic protection factor" of 6% from the federal compensation guideline as indicative of this target.

For fiscal year 1978-79, the overwhelming majority of university salary settlements will fall within a period in which the basic protection factor would allow cost-of-living increases of 4 per cent. Given that recent increases in the CPI are running above the basic protection factor for the current year, it is possible that the basic protection factor for 1978-79 will be adjusted to a figure between 5-6% if the anti-inflation program is still in existence. If the controls were completely removed for 1978-79 Council would accordingly make a forecast of inflation based on trends in price indices such as the CPI. Such an exercise would yield an expected rate of inflation for 1978-79 in excess of 6%. Given the uncertainty concerning the future of the anti-inflation program and the restraint measures likely to be adopted by governments in the post-control period, forecasting is distinctly complicated at the present time.

According due consideration to the above, Council chooses what in its opinion is a conservative estimate, a factor of 6% to offset inflation in salaries and fringe benefits for 1978-79. Council has received representation from the Council of Ontario Universities (COU) that system-wide fringe benefit costs have been increasing at a more rapid rate than salary increases in the past two years. However, Council at the present time does not have precise and comprehensive measures of the extent to which such increases have resulted from discretionary university policies to increase the employer's share of the cost of existing benefits, from policies to expand benefits, or from externally imposed costs beyond the control of university administrators.

With respect to allowances for inflation in non-salary expenditures Council is aware that inflation in this area has exceeded the growth rate in the CPI for the past two years. The difference has been largely attributable to extraordinarily high rates of inflation for utilities and library expenditures, which were partially recognized by Council in its additional funding recommendation for "particular financial circumstances" in Advisory Memorandum 76-III. Further compensation for the higher than anticipated rate of inflation in the non-salary area in fact materialized because the allowance for forecast enrolment growth in 1976-77 was in excess of actual increases. Despite Council's concern that the figure chosen for 1978-79 may be unduly conservative, it proposes the same factor for non-salary expenditures as for salaries and fringe benefits, namely 6%.

With respect to 1978-79, Council had hoped to have available a non-salary expenditure index which would have been useful in forecasting inflation in expenditures in this area. The early call for funding advice has precluded this possibility. Recognizing the importance of this area to the university community Council will seek to develop a non-salary price index in the coming months.

Column 3: Existing Service Level Costs — In calculating the cost of its objective "to maintain existing levels of service," Council again recognizes two major sources of real costs in the university system. These are progression through the ranks or toward the job rate in the salary area, and allowance for furniture and equipment replacement.

In column 3 Council continues to apply to salaries and fringe benefits a factor of 2 per cent to allow for the net cost of progression through the ranks or towards the job rate. With respect to furniture and equipment replacement Council again employs a 2.5 per cent factor for the non-salary area. A preliminary review of this percentage based on available data on inventories and depreciation rates from some universities reveals that it continues to be appropriate at this time.

Column 4: Efficiency Factor — The efficiency factor is one of two negative measures that Council applies in calculating the cost of meeting its funding objectives. It reflects an expectation of the "productivity gains" that might be said to lie within the reach of the university system were the system in steady state. The factor is therefore applied after the allowances for offsetting inflationary trends and maintaining service levels.

The efficiency factor has been severely criticized by the university community on two grounds. First, the factor itself is considered excessive relative to the Economic Council of Canada's targeted productivity gains for the service industries group of which the universities are a part. Second, it is felt that the continued use of an allegedly large efficiency factor is unrealistic because the accumulated total over a period of years must ultimately mean that the universities will have neither the people nor the supplies and equipment to carry out their function. The points made by the universities are not lost upon Council and may indeed be commented upon in the Fourth Annual Report. For the year under consideration the 1% efficiency factor is again applied.

Column 5: Predicted Enrolment Costs — A complication in Council's costing exercise is the enrolment prediction for 1978-79 because it must be made before official enrolment counts for the base year of 1977-78 are known. This year Council has the additional difficulty of analysing historical data for 1976-77 which reflect artificial changes generated by the new method of counting that are difficult to quantify precisely. The real increase in undergraduate enrolment in 1976-77 may have ranged from 2.0% to 2.5% depending on estimates of the impact of the new counting system.

In making its 1978-79 enrolment forecast Council has reviewed the projections of Year 5 (grade 13) enrolments, the flow of freshmen through each succeeding year of study and some possible trends in part-time enrolments. Council is also aware of the enrolment limits in place at many universities and the possible damping effects of the new allocative formula which is less sensitive to enrolment than previously. Taking these factors into account Council predicts that undergraduate enrolment will increase by 2.0% in 1978-79. This factor is applied to the estimated 81 per cent of system-wide expenditures that relate to undergraduate programs to produce Column 5.

Given Council's objective to accommodate enrolment increases only at the undergraduate level and the extension of the graduate funding freeze to 1978-79, no allowance is made in Column 5 for changes in graduate enrolment.

Column 6: Excess Capacity Factor (Stabilization Factor) — The excess capacity factor is the second of the two discounts that Council applies in estimating the cost of its basic funding objectives. It rests on the assumption that the capacity in the university system as a whole permits the accommodation of additional enrolment at a cost lower than average cost.

During the spring hearings with the university community, representations were

made to Council that an excess capacity factor of 50% imposes too large a discount on growth. Council is aware that a 50% discount on growth imposes a strain on the university system but must weigh the short run advantage to the universities of allowing more funding for growth against the longer run advantage of stability in the system in the event of a substantial decline in enrolment. It should be noted that a greater discount during the period of enrolment increase implies a greater obligation on the part of Government to stabilize the system during enrolment declines. These considerations lead Council to adhere to a 50% excess capacity factor for 1978-79.

Column 7: Cost of Basic Objectives — The final column of Table I simply adds to Column 1 the sum of the positive and negative figures that appear in Columns 2 through 6. The resulting grand total of $967.1 million represents Council's best estimate of the cost of its basic objectives in funding the provincially-assisted universities, church-related and affiliated colleges, Ryerson, the Ontario Institute for Studies in Education and the Ontario College of Art in 1978-79.

The Potential Cost to Government of Council's Basic Funding Objectives

The potential cost to Government of Council's basic funding objectives is shown in Table II. It is obtained by deducting from the total cost of $967.1 million Council's estimates of tuition fee revenues at 1977-78 rates and other revenues. The tuition fee deduction of $152.5 million is based on estimated 1977-78 tuition fees of $147.9 million augmented by Council's predicted percentage increase in undergraduate enrolment for 1978-79. Graduate enrolment is assumed to be constant. Also included in the $152.5 million is an additional estimated $2 million accruing from the higher formula fee for visa students, which increases the two year visa student formula fee revenue to a total of $4 million. Because this is the second full year of the differential formula fee for visa students, both new visa students and previous visa students who are no longer exempt are included in the total estimate of $4 million. Since the $4 million accruing from visa student formula fees is included in tuition fee revenue whether or not the fees are assessed, the cost to Government is the university system's "net" funding requirement, that is, grants less the formula fees for foreign visa students.

Table II

Potential Cost to Government of Council's Basic Funding Objectives for 1978-79: Provincially-Assisted Universities, Ryerson, OISE and OCA — ($ millions)

Cost of Basic Funding Objectives (Table I, Column 7)	967.1
Deduct: Tuition and Other Fee Revenues at Prevailing Rates	— 152.5
Other Revenues	— 58.3
Potential Cost to Government of Basic Funding Objectives	756.3

The figure of $58.3 million for other revenues given in Table II represents no increase over the 1977-78 estimate of other revenues after appropriate adjustments have been made to the latter as outlined in the Appendix. Council's decision not to increase

other revenues is based on several submissions from universities on their recent experience with interest income. It also takes account of the constancy of MCU line budget and other government grants in recent years.

Table II indicates that if Council's basic funding objectives are to be met in 1978-79, the potential cost to Government is $756.3 million. This involves a 9.7 per cent increase over the 1977-78 total of $689.2 million that was made available by the Government in formula and non-formula grants to the institutions covered by Council's costing exercise. This will be the actual cost to Government if the existing tuition fee levels are maintained for 1978-79.

Additional Funding Needs

In the past Council has recommended additional funding under two categories:

(1) particular financial circumstances;

(2) special institutions and policy matters.

With respect to the former, Council recommended the provision of funds for this purpose for 1976-77 and 1977-78. At the present time, Council has no strong evidence that a request for additional across-the-board funding is warranted, and accordingly makes no recommendation for such funds for 1978-79.

The second category of additional funding needs identified by Council relates to those special institutions and policy matters which are excluded from Council's basic costing exercise. The funding of Theology programs which in previous years was included as additional funding has, as explained above, now been incorporated into the basic funding model. Therefore, for 1978-79, there are only two areas which come under the second category. Additional funding is requested to improve the system level of support for existing bilingual activities. Funds are also necessary to provide the grant-in-aid to the Bar Admission Course of the Law Society of Upper Canada.

In Advisory Memorandum 76-III Council gave notice that bilingualism grants would constitute a priority item in its considerations for 1978-79. During the last few months Council, with the co-operation of the bilingual universities, has been studying the incremental costs of existing bilingualism programs. The preliminary results reveal that the bilingualism grant to the system in recent years has not been sufficient to meet these costs. Although Council's examination of the incremental costs will not be complete until discussions have been held with the bilingual universities in the fall, present evidence is sufficient to warrant taking initial corrective measures in 1978-79.

Council has estimated the funding need generated by an upward adjustment to the bilingualism grant and the provision of the grant-in-aid to the Bar Admission Course in 1978-79 to be $1.5 million.

Funding Recommendations for 1978-79

The basic costing exercise undertaken in this Memorandum indicates a potential cost to Government of $756.3 million in 1978-79. This represents a 9.7 per cent increase over the 1977-78 total of $689.2 million made available by Government in the form of formula, graduate, supplementary, and basic bilingualism and Northern Ontario grants to the fifteen provincially-assisted universities, affiliated and church-related colleges, Ryerson, the Ontario Institute for Studies in Education and the Ontario College of Art.

Council's recommendations imply expenditure increases in 1978-79 of 9.7% for the basic funding objectives. If tuition fees remain at their present level this amount represents the actual cost to the Government.

Accordingly, Council *recommends to the Minister and the Lieutenant Governor in Council:*

OCUA 77-11
FUNDING LEVEL FOR 1978-79 TO MEET THE COST OF BASIC OBJECTIVES IN FUNDING THE OPERATION OF PROVINCIALLY-ASSISTED UNIVERSITIES, RYERSON, THE ONTARIO INSTITUTE FOR STUDIES IN EDUCATION AND THE ONTARIO COLLEGE OF ART

THAT the 1977-78 Government expenditures of $689.2 million on behalf of the provincially-assisted universities, church-related colleges and affiliates, Ryerson, the Ontario Institute for Studies in Education and the Ontario College of Art be increased to provide, through grant increases, or grant and formula fee increases compensated by student assistance, a 1978-79 funding level of $756.3 million.

Consideration of special institutions and policy matters involves a 1978-79 funding level of $1.5 million, this amount to be applied solely to an upward adjustment to the bilingualism grant and the provision of the grant-in-aid to the Bar Admission Course both of which are excluded from Council's basic funding exercise. Council *recommends to the Minister and the Lieutenant Governor in Council:*

OCUA 77-12
ADDITIONAL FUNDING FOR 1978-79 FOR THE EXISTING BILINGUALISM PROGRAMS AND THE BAR ADMISSION COURSE

THAT $1.5 million be provided in 1978-79 as an initial step in recognition of the documented incremental costs of existing bilingualism programs and as a grant-in-aid for the Bar Admission Course.

Capital Assistance

Financial restrictions have been particularly felt in the area of capital assistance. For 1977-78, Council recommended that $14.1 million be made available for new capital projects in addition to carryovers and new construction. When minor repair and maintenance projects, the job creation program and the operating cost savings and energy management programs are excluded from the funds actually made available, only $6.0 million is being provided by the Government in 1977-78 for major renovation, alteration, and replacement projects. Despite this limited funding, the university system has indicated that for 1978-79, if a tradeoff between operating and capital funds is necessary, priority should be given to operating grants over capital grants.

In Advisory Memorandum 76-VIII Council developed guidelines and criteria for consideration of projects for capital assistance which reflected this restrictive environment. The Minister's acceptance of these guidelines and criteria means that new construction that adds to institutional space will only be considered when there is a serious space deficiency in relation to the institution's total space or with respect to a particular function. In addition, capital funds will be limited to major renovation and alteration projects, or to replacementof facilities when this is the more economical alternative. In this present memorandum Council addresses the level of capital assistance necessary in 1978-79 for major renovation, alteration and replacement projects. No estimate is provided for the funds necessary for new construction.

Council is convinced that funds needed for major renovations, alterations and replacement are related to the value of the space inventory. In the past two years however, Council has been hampered in its advice on capital funding by a lack of information on space inventories of the universities. Council has now received updated inventory information from COU and has obtained their study which indicates that 1.5% of inventory value should be made available each year for major renovations,

alterations and replacements. Recognizing the need to maintain the significant investment represented by the universities' existing capital facilities, for 1978-79 Council has chosen 1% of the space inventory valued at $85 per net assignable square foot as the appropriate level of funds for major renovations, alterations and replacement, namely $17.9 million.

Council notes that the composition of total operating plus capital funds for 1978-79 involves a transfer of $3.4 million (that relates to the MCU grants for minor repair and maintenance projects) from capital into operating when compared with the composition of total funding in 1977-78. In recognition of this transfer, Council accordingly deducts $3.4 million from its capital request for 1978-79.

Council *recommends to the Minister and to the Lieutenant Governor in Council:*

OCUA 77-13
LEVEL OF SUPPORT FOR MAJOR RENOVATIONS, ALTERATIONS AND REPLACEMENT PROJECTS IN 1978-79

THAT, funds for capital assistance in 1978-79 be $14.5 million for major renovation, alteration and replacement projects plus any amount necessitated by carryovers and new construction.

W.C. Winegard,
Chairman

August 2, 1977

Appendix to Advisory Memorandum 77-III

The starting point for Council's funding advice is a revenue-determined expenditure base for 1977-78. Council's estimate of the base was facilitated by having a complete set of the Preliminary COFO-UO 1977-78 budgets from the universities. The total expenditure figure of $895.4 million which appears in Column 1 of Table I is derived from Council's estimate of system-wide revenues in 1977-78.

The composition of the university system revenues is shown in Column 1 of Table A-I. Column 2 of Table A-I gives the university system revenues used in Advisory Memorandum 76-III as part of Council's funding level exercise for 1977-78. The differences in figures are explained by changes in the institutional and expenditure coverage and revisions in estimates of tuition fees and other revenues.

Formula and Non-Formula Grants

The funding figure of $702.8 million from Advisory Memorandum 76-III is composed of $682.8 million in formula grants plus $20 million in additional revenues from the $100 increase in formula fees effective in 1977-78. The Government's recognition of "particular financial circumstances" in Advisory Memorandum 76-III increased the Formula Grant amount of $682.8 million by an additional $3.5 million in 1977-78. As a result of the inclusion of Theology programs in Council's base, a further amount of $2.9 million has been included as Formula Grants. These changes bring the $682.8 million up to $689.2 million i.e. the grant figure in Column 1 of Table A-I.

Other Revenues

In Advisory Memorandum 76-III Council estimated other revenues at $72.9 million for 1977-78. As noted earlier in this Memorandum, grants paid by the Ministry of Agriculture and Food to the University of Guelph and by the Ministry of Education to OISE are now excluded from the base. The removal of $15.6 million that relates to these grants reduces the other revenue figure to $57.3 million. The inclusion of MCU grants for minor repairs and maintenance projects to the 1977-78 base adds $3.4 million to other revenues bringing their total to $60.7 million. The final adjustment relates to that portion of university other revenues which range from short term interest income to local Government grants. The 1977-78 preliminary budgets indicate that this revenue will be $2.4 million below Council's estimate in Advisory Memorandum 76-III. After noting recent downward trends in short term interest rates, Council accepts the budgeted figures and accordingly enters $58.3 million in the base.

Tuition and Other Fees

In Advisory Memorandum 76-III tuition and other fees were estimated at $133.9 million for 1977-78. The $100 increase in tuition fee added an estimated $20 million for a total of $153.9 million. In retrospect however, the figure of $153.9 must be adjusted downwards in recognition of a forecasting error of undergraduate enrolment. Taking this into account, a downward revision by an amount of $6 million reduces estimated tuition and other fees to $147.9 million for 1977-78.

Table A-I

University System Revenues
1977-78 ($ millions)

	Advisory Memorandum 77-III	Advisory Memorandum 76-III	
Formula and Non-Formula Grants	689.2	702.8	(682.8 plus 20 from formula fee increase)
Other Revenues	58.3	72.9	
Tuition and Other Fees	147.9	133.9	
Total Revenue	895.4	909.6	

77-IV Capital Assistance

In Advisory Memorandum 76-VIII, Council outlined a set of guidelines and criteria to be applied in the consideration for funding of (1) new construction projects that add to institutional space and (2) building renovations, alterations and replacement. The limited capital funding at that time led Council to the conclusion that the only feasible way to distribute capital grants was through decision-making by Ministerial discretion. Present enrolment trends and the continuation of restrictions on funds confirm Council's view that the distribution of capital grants by formula must remain a subject for future consideration.

The purpose of this Memorandum is to assist the existing process of capital grant distribution in two ways: compilation of the information required by the Minister for the exercise of his discretion, and expansion of the criteria and guidelines to encompass a policy of capital assistance for rentals.

Assessment of Space Needs

Since the introduction in 1972 of the near moratorium on capital funding and the suspension of the Interim Capital Formula as a means of generating entitlement for capital funds, information on the inventory of space in the system has not been readily available. Council, with data provided by the institutions through the Council of Ontario Universities, has now compiled a profile of existing space and an assessment of space needs in the Ontario university system.

Any assessment of space needs requires a set of standards against which to measure the adequacy of the space. Two sets of standards have been available in recent years to make such an assessment, the Interim Capital Formula Entitlement and the COU Space Standards. Although each of these two methods provides a measure of space needs, they are very different measures and the results are not directly comparable. Many universities maintain their records using both sets of standards. This is unreasonable at a time when universities are attempting to cut their operating expenditures.

The standards of the Interim Capital Formula (ICF), established in 1969, were based on student enrolment weighted according to an estimate of the space requirements of students in different programs. These standards generated a requirement for space exclusive of Health Science and Education space. Consideration was given in the formula to the quality of existing space in that an allowance was made for an age-quality discount factor to be applied to the university's inventory before it was matched against the standards to calculate the 'entitlement'. While the Interim Capital Formula is particularly useful because of the age quality discount, a serious disadvantage to its continued use is that it is not possible under the Interim Capital Formula to determine the types of space in which there is a surplus or deficiency.

The COU Space Standards (originally developed in *Building Blocks Vol. 1, Report of the Task Force-Space and Utilization,* Council of Ontario Universities 72-9) have certain distinct advantages over the Interim Capital Formula standards. They not only generate a total space requirement including Health Science and Education spaces, but enable calculation of surpluses and deficiencies of types of space e.g. library, classroom. In contrast to the weighted student factor of the ICF, a variety of input measures are used depending on the type of space. For example, student non-laboratory contact hours are the basis for determining classroom space needs, and FTE faculty the basis for instructional staff office space.

Although no specific account has been taken of the age or quality of space when comparing inventory with the COU standards, this is a disadvantage which can be offset. It means that in addition to the standards full consideration must be given to the age and quality of the space if needs are to be properly assessed.

While it is possible to argue about the appropriateness or validity of any standards, in the present environment it is necessary to have a rough measure of *comparative*

space needs among universities. Without accepting the argument that the COU Space Standards provide an accurate measure of absolute space need, Council nevertheless believes that the COU Space Standards provide a relative measure of not only total space but also type of space among the institutions.

Table 1

Inventory of Space in the Ontario University System — December 1975
(Net assignable square feet — NASF)

University	Government Funded	Privately Funded	Rentals	Total
Brock	465,387	2,732	—	468,119
Carleton	1,065,311	—	—	1,065,311
Guelph (excl. OVC)	1,243,458	60,223	—	1,303,681
— OVC	190,734	—	—	190,734
Lakehead	465,055	—	1,800	466,855
Laurentian (excl. affiliates)	437,976	—	—	437,976
McMaster	1,498,340	—	10,657	1,508,997
Ottawa	1,278,716	43,402	139,942	1,462,060
Queen's	1,415,446	226,681	11,663	1,653,790
Toronto — St. George	3,439,911	293,187	106,502	3,839,600
Toronto — Scarborough	326,916	4,354	—	331,270
Toronto — Erindale	387,272	21,393	—	408,665
Trent	279,265	—	—	279,265
Waterloo	1,468,804	41,043	18,966	1,528,813
Western	1,979,972	181,859	—	2,161,831
Wilfrid Laurier	234,950	53,346	25,464	313,760
Windsor	934,668	—	1,785	936,453
York — Keele	1,498,490	—	—	1,498,490
York — Glendon	148,563	—	—	148,563
Ryerson	871,050	—	70,416	941,466
Ontario College of Art	71,176	—	11,628	82,804
TOTAL	19,701,460	928,220	398,823	21,028,503

Notes:
1. Institutions excluded from this table: Algoma, Nipissing, Hearst, church-related colleges, Ontario Institute for Studies in Education.
2. Total space includes all space included in the first 15 categories of the COU classification system and therefore excludes non-assignable space, residential living quarters, animal areas related to farm operations, inactive or substandard space, and unfinished space in McMaster Health Science facilities.
3. Privately funded space includes all space financed by non-government sources since the introduction of the Interim Capital Formula in 1969. All other space excluding rentals is considered to be government funded space.

Accordingly, Council *recommends to the Minister:*

OCUA 77-14
MEASURE OF COMPARATIVE SPACE NEEDS

THAT, the COU Space Standards be adopted as the measure of comparative space needs in the provincially-assisted universities, Ryerson, the Ontario Institute for Studies in Education and the Ontario College of Art.

Table 2

Comparison of Available Space by Institution with COU Standards, 1975

University	Percentage Over (Under) Standard
Brock	18.8
Laurentian	9.7
Toronto — Erindale	1.7
McMaster (excl. Health Science)	(1.8)
York — Glendon	(4.4)
Lakehead	(4.9)
Waterloo	(5.5)
Windsor	(6.3)
Trent	(7.0)
Guelph (incl. OVC)	(7.2)
York — Keele	(7.6)
Toronto — St. George	(9.1)
Western	(9.2)
Toronto — Scarborough	(13.2)
Queen's	(13.9)
Carleton	(16.9)
Ryerson	(22.2)
Ottawa	(26.3)
Wilfrid Laurier	(35.4)
TOTAL	(10.2)

Notes:
1. Privately funded space and rental space have been excluded.
2. No allowance is made in this table for the age or the quality of the space.
3. No data are available for McMaster Health Sciences, Ontario College of Art, Ontario Institute for Studies in Education, church-related colleges and Laurentian affiliates.
4. As noted in Table 1, total space includes all space included in the first 15 categories of the COU classification system.

The following profile of the space facilities at each university is meant to be used as a guide for indicating where problems may lie rather than as an absolute criterion for funding decisions. Tables 1 to 7 illustrate the type of information that is essential

to the capital decision process: inventory, comparison with standards, the age of the existing space and the amount of rented space. Although minor refinements may be necessary to definitions, classification, and accuracy, the data presented for December 1975 are the best information that Council has available at present. Council expects that similar information for November 1977 which incorporates these refinements will be available in the spring of 1978.

In the university system as of December 1975, there were a total of 21.0 million net assignable square feet excluding OISE, the church-related colleges and the Laurentian affiliates. Of this total 0.9 million NASF have been privately funded since the introduction of the Interim Capital Formula and 0.4 million NASF are rented by the universities. Table 1 indicates the space inventory of each institution.

It is Government policy that private funding used by universities for capital facilities should not detract from the level of Government funds made available for capital purposes. Council wishes to reinforce its support of this policy. Consequently, the assessment of the severity of space deficiencies for the exercise of Ministerial discretion with respect to new construction, renovations, alterations, and replacement should not take into account the university space funded from private sources.

In Table 2 the existing inventory excluding privately funded space and rentals is expressed as a percentage of the space generated by the COU Standards. It can be seen from the table that most universities now have a deficit in comparison with the standards.

Table 3

Comparison of Available Space by Type of Space with COU Standards, 1975

Type of Space	Percentage Over (Under) Standard
Classroom	(6.4)
Classlabs	6.3
Research	(11.8)
Academic Office	(3.1)
Administrative Office	(14.9)
Library	(11.1)
Athletics	(36.5)
General Use	(13.7)
Special Use	(7.5)
TOTAL	(10.2)

Notes:
1. Privately funded space and rental space has been excluded.
2. General use space includes space for food services, bookstore, common rooms, assembly and exhibition.
3. Special use space includes space for audio-visual centre, health service, maintenance, computer, and stores.
4. No allowance is made in this table for the age or the quality of space.
5. No data are available for McMaster Health Sciences, Ontario College of Art, Ontario Institute for Studies in Education, church-related colleges and Laurentian affiliates.
6. As noted in Table 1 total space includes all space included in the first 15 categories of the COU classification system.

An ability to assess the types of space needed at each university is important when considering funding of alterations projects or any new construction that adds to institutional space. The prime advantage of the COU Space Standards is that they permit such an examination for nine major categories of space. Table 3 illustrates the space surpluses and deficiencies by type of space for the system. Similar information for each university is shown in the Appendix.

Capital allocations cannot depend only on an examination of the space deficiencies at each university. Full consideration must be given to the age and quality of the existing space. For some universities, the high proportion of the older space constitutes a major capital problem. At the system level, the age information provides an estimate of the needs for renovation and replacement.

As of December 1975, the age profile of the existing inventory of space in the university system (exclusive of rentals and privately funded space) was as shown in Table 4. The age of buildings where major renovation has upgraded the space is recorded from the time of that renovation.

Table 4

Age Profile of Existing University Space, 1975

Age	% of Total Space
0 — 9 Yrs.	57.4
10 — 19	28.1
20 — 29	4.4
30 — 39	0.3
40 — 49	2.1
50 and over	7.7

Notes:
1. Privately funded space and rental space have been excluded.
2. No data are available for the Ontario College of Art, Ontario Institute for Studies in Education, church-related colleges and Laurentian affiliates.
3. In addition to the space in the first 15 categories of the COU classification system, inactive or substandard space is included.
4. The age of buildings where major renovation has upgraded the space is recorded from the time of that renovation.

Although older space does not constitute a major portion of total university space, it is significant at certain universities. It should be noted that 26.7% (354,926 NASF) of Ottawa space and 22.5% (797,251 NASF) of Toronto space is older than 50 years of age.

Table 5

University Space Older Than 20 Years Of Age, 1975

	NASF	% of Total Space
Toronto — St. George	1,441,689	40.9
Ottawa	443,622	33.4
Guelph	195,780	18.4
Queen's	245,897	16.6
Wilfrid Laurier	34,413	14.6
Western	226,231	11.4
York — Glendon	13,788	9.3
Toronto — Scarborough	27,215	8.3
Trent	20,665	6.7
McMaster	90,178	6.0
Windsor	25,748	2.8
Toronto — Erindale	7,122	1.8
Brock	1,663	0.4
Waterloo	1,868	0.1
TOTAL	2,845,879	14.3

Notes:
1. Privately funded space and rental space have been excluded.
2. No data are available for the Ontario College of Art, Ontario Institute for Studies in Education, church-related colleges and Laurentian affiliates.
3. In addition to the space in the first 15 categories of the COU classification system, inactive or substandard space is included.
4. The age of buildings where major renovation has upgraded the space is recorded from the time of that renovation.

The information provided above is illustrative of the type of data necessary to assist the Minister in applying the criteria for new construction, renovations, alterations, and replacements as outlined in Advisory Memorandum 76-VIII. Once this information has been compiled by an institution, a large effort is not required to maintain it. Accordingly, Council *recommends to the Minister:*

OCUA 77-15
COLLECTION OF CAPITAL INFORMATION

THAT, the Ministry of Colleges and Universities collect and publish annually the space information illustrated in this Memorandum.

Capital Assistance for Space Rentals

Since the imposition of the virtual freeze on new capital construction in 1972, the rental of space has become an important alternative means for a university to satisfy its space needs. If an institution has an overall space shortage, or if any available space is either unsuitable or would require uneconomic alterations to satisfy the particular need, rental may become an attractive option, either through long-term rental contracts as an alternative to new construction or by short-term rentals designed to satisfy severe space shortages. Indeed, at a time when enrolment is at best stable and expected to decline, rental may be the most efficient way of solving many space problems.

In 1975-76 398,823 NASF or 1.9% of total system inventory was short-term rented space at a cost of $1.3 million.

Table 6

Inventory of Rented Space, 1975-76

	NASF	% of Total Space (including rentals)
Ottawa	139,942	9.6
Toronto — St. George	106,502	2.8
Ryerson	70,416	7.5
Wilfrid Laurier	25,464	8.1
Waterloo	18,966	1.2
Queen's	11,663	0.7
Ontario College of Art	11,628	14.0
McMaster	10,657	0.7
Lakehead	1,800	0.4
Windsor	1,785	0.2
TOTAL	398,823	1.9

Notes:
1. Total space includes privately funded and rental space.
2. As noted in Table 1, total space includes all space included in the first 15 categories of the COU classification system.
3. No data are available for the Ontario Institute for Studies in Education, church-related colleges, and Laurentian affiliates.

Universities which choose to rent space because of inadequate capital facilities are put at a disadvantage because such rentals must be funded out of their limited operating funds. Arguments have been made in briefs to Council by some universities and by the Council of Ontario Universities that provision for support of rented space should be made within a program of capital assistance for universities. Council agrees with the principle of providing capital grants for space rentals, subject to criteria outlined in the remainder of this Memorandum.

The cost of space rental will vary depending on the type of space being rented, the quality of space available and its geographic location. It is therefore not reasonable to specify a particular dollar level per square foot that should be allowed for a rental grant. Each request will have to be assessed individually.

Only the capital cost of a rental i.e. the cost of the space itself exclusive of operating costs, would be eligible for assistance. Therefore, maintenance costs such as heating, lighting, cleaning, and minor repairs would be excluded from any grants to support rentals. Renovations and alterations to the rented space would similarly be excluded from any grant support. Universities are of course well aware that the addition of rental space, as with new construction space, places a burden on the operating funds of the institution for the operation and maintenance of the rented fa lities.

Consistent with Council's previous advice on capital assistance to universities, satisfying a set of criteria would not guarantee an institution any funds. It would simply make an institution eligible for the exercise of Ministerial discretion for funding.

Long-Term Rentals — A long-term rental contract of say 20 years might, under some circumstances, provide a reasonable alternative to direct capital investment for a university if, for example, there is difficulty in obtaining land or if rental is more economical than new construction. Eligibility for consideration for funding of any such long-term rental would have to be in the context of the criteria for new construction that adds to institutional space as described in Advisory Memorandum 76-VIII. This is particularly important given the increasing possibility of enrolment declines.

Council *recommends to the Minister:*

OCUA 77-16
CRITERIA FOR CAPITAL ASSISTANCE ELIGIBILITY FOR LONG-TERM RENTALS

THAT, long-term rentals be considered eligible for the exercise of Ministerial discretion for capital assistance according to the considerations outlined in this Memorandum and the criteria in Advisory Memorandum 76-VIII.

Short-Term Rentals — Most of the rental agreements into which universities enter are short-run contracts (3 to 5 years) designed to meet specific immediate space needs. Council agrees with the general principle that capital funds support short-term rentals, but subject to certain qualifying criteria outlined below.

Because the concern is for severe space shortages, the purpose of the policy on short-term rental grants is not to offset completely any space deficiencies. It is intended as a means of alleviating an immediate problem. Consequently, Council deems it appropriate to consider the total space to which the university has access, including privately funded space but excluding rentals. (See Table 7)

Criteria for Short-Term Rental Grants

For institutions to be eligible for consideration for rental grants, all of the following criteria should be satisfied:

(1) The space inventory of the institution, including all space to which the university has access, exclusive of short-term rentals, must be more than 10% under the space generated for that institution by the COU Space Standards.

(2) Institutions must have a shortage of space of the particular type for which they are seeking rental grants e.g. classroom.

(3) Institutions must be able to demonstrate that any existing excess space of another type cannot or should not be altered to satisfy the need.

The first criterion supports Council's belief that consideration for rental grants should only be given to those institutions where there is a serious space need. Whether or not the standards provide an accurate measure of need, an institution might be deemed to have a significant space shortage if it is well below standard in percentage terms, say 10%, when all space to which it has access exclusive of short-term rentals is included. Universities would have to provide indication that the space shortage would be likely to continue over the length of the proposed rental contract.

However, in Council's opinion an overall space shortage is not by itself a sufficient justification for rental grant eligibility. The proposed rental must be of space primarily of the type where there is a shortage. If a university has an overall space shortage of 15% when compared with the COU Space Standards, but has a 1% surplus in one component of that space, say classroom, the institution should not be eligible for a capital grant to rent classroom space.

Rental of additional space must compete with alterations of existing space as a means of satisfying a university's space needs. Council's third criterion puts the onus on the institution to evaluate rental proposals in this context before requesting grant consideration.

Table 7

Comparison of Total Space by Institution with COU Standards, 1975

University	Percentage Over (Under) Standard
Brock	19.5
Laurentian	9.7
Toronto — Erindale	7.3
Queen's	(0.1)
Western	(0.9)
Toronto — St. George	(1.3)
McMaster (excluding Health Science)	(1.8)
Waterloo	(2.5)
Guelph (excluding OVC)	(3.1)
York — Glendon	(4.4)
Guelph — OVC	(4.8)
Lakehead	(4.9)
Windsor	(6.3)
Trent	(7.0)
York — Keele	(7.6)
Toronto — Scarborough	(12.3)
Carleton	(16.9)
Wilfrid Laurier	(20.7)
Ryerson	(22.2)
Ottawa	(23.7)

Notes:
1. Privately funded space has been included.
2. Rental space has been excluded.
3. No allowance is made in this table for the age or the quality of the space.
4. No data are available for McMaster Health Sciences, Ontario College of Art, Ontario Institute for Studies in Education, church-related colleges and Laurentian affiliates.
5. As noted in Table 1, total space includes all space included in the first 15 categories of the COU classification system.

Universities receiving a short-term rental grant would need a commitment by Government to continue the grant for more than one year. In a time of uncertain enrolment levels, an appropriate period for Government to guarantee continuation of the grant might be three years. It would also be understood that the rental would become eligible for consideration for grant renewal at the end of the three-year period in accordance with the short-term rental criteria described above.

Therefore, Council *recommends to the Minister:*

OCUA 77-17
CRITERIA FOR CAPITAL ASSISTANCE ELIGIBILITY FOR SHORT-TERM RENTALS

THAT, short-term rentals be considered eligible for the exercise of Ministerial discretion for capital assistance according to the considerations and criteria outlined in this Memorandum.

W.C. Winegard,
Chairman

December 16, 1977

Appendix to Advisory Memorandum 77-IV

Comparison of Available Space by Institution and by Space Type with COU Standards, 1975 — Percentage Over (Under) Standard

University	Classroom	Class Labs	Research	Academic Office	Admin. Office	Library	Athletics	General Use	Special Use	Total
Brock	56.1	79.5	(57.8)	11.9	(6.4)	(20.1)	25.2	44.5	19.5	18.8
Carleton	(27.6)	33.3	(28.4)	13.3	(22.5)	(40.2)	(25.9)	(30.4)	(31.0)	(16.9)
Guelph — excl. OVC	(7.1)	(29.6)	(30.4)	13.1	26.4	(2.5)	(27.3)	22.0	38.6	(7.6)
— OVC	(19.3)	2.0	(18.5)	44.0	(92.3)	(37.4)	N/A	32.4	(69.5)	(4.8)
Lakehead	(2.5)	(1.7)	(49.2)	(32.1)	(22.4)	(10.2)	34.0	35.1	(5.5)	(4.9)
Laurentian	42.4	49.2	(43.2)	(9.9)	0.1	(10.2)	49.7	3.0	26.7	9.7
McMaster — excl. Health Sciences	(15.3)	(2.4)	33.2	(1.2)	8.9	(28.6)	(3.9)	(21.3)	50.7	(1.8)
Ottawa	(16.5)	(20.8)	(26.6)	(18.1)	(40.6)	(22.1)	(52.6)	(33.6)	(16.0)	(26.3)
Queen's	(5.2)	(19.8)	(2.9)	7.2	(31.7)	(29.0)	(17.4)	(14.0)	(16.2)	(13.9)
Toronto — St. George	(1.0)	24.2	(10.1)	(2.2)	(17.8)	0.7	(52.1)	(34.9)	(30.6)	(9.1)
— Scarborough	(48.1)	95.5	(19.4)	(28.4)	(60.5)	(39.2)	(13.8)	(35.2)	117.4	(13.2)
— Erindale	(11.6)	28.0	87.1	10.3	(39.0)	24.2	(51.5)	(2.9)	(19.4)	1.7
Trent	(22.5)	24.3	34.0	(4.4)	3.7	(7.3)	(95.5)	30.9	19.7	(7.0)
Waterloo	(14.6)	2.4	9.3	9.9	5.0	(19.0)	(39.8)	(19.8)	1.2	(5.5)
Western	0.5	3.3	(25.3)	(9.0)	(0.5)	(1.4)	(64.5)	7.6	(11.6)	(9.2)
Wilfrid Laurier	(34.5)	(93.4)	(46.6)	(48.8)	(29.0)	(3.6)	(95.6)	(9.3)	(32.2)	(35.4)
Windsor	(4.5)	26.9	(19.4)	6.3	(34.5)	(3.7)	(33.2)	(21.2)	10.1	(6.3)
York — Keele	3.6	0.0	(12.2)	(1.4)	1.9	8.0	(42.8)	(9.3)	(52.5)	(7.6)
— Glendon	17.4	0.0	(51.9)	(6.2)	(23.0)	(21.0)	(9.4)	28.1	(19.7)	(4.4)
Ryerson	2.1	(20.8)	N/A	(26.2)	(35.9)	(11.2)	(62.2)	(24.3)	0.9	(22.2)
TOTAL	(6.4)	6.3	(11.8)	(3.1)	(14.9)	(11.1)	(36.5)	(13.7)	(7.5)	(10.2)

Notes:
1. Privately funded space and rental space have been excluded.
2. General use space includes space for food services, bookstore, common rooms, assembly and exhibition.
3. Special use space includes space for audio-visual centre, health service, maintenance, computer, and stores.
4. No allowance is made in this table for the age or the quality of space.
5. No data are available for McMaster Health Sciences, Ontario College of Art, Ontario Institute for Studies in Education, church-related colleges and Laurentian affiliates.
6. As noted in Table 1 total space includes all space included in the first 15 categories of the COU classification system.
7. N/A — Not applicable. The university has no space of this type.

77-V Funding for the Mining Engineering and the Mineral Processing Engineering Programs at Laurentian University

By letter dated August 1, 1974, the Hon. James Auld, Minister of Colleges and Universities at the time, stated that "the Ministry will only approve funding of a new professional program after the OCUA recommends the program". Pursuant to the Minister's instructions, Council has reviewed the request from Laurentian University that students enrolled in the academic year 1977-78 in year III of its baccalaureate programs in Mining and Mineral Processing Engineering and students enrolled in year IV of the same programs beginning in 1978-79 be eligible for funding.

In conducting the review, Council noted that the programs were approved by the Committee of Ontario Deans of Engineering on October 3, 1977 and by the Council of Ontario Universities on November 4, 1977.

The review process consists of seeking answers to several questions that Council felt to be important. Some of these are set out below:

Are there similar programs in Ontario?

Are the existing programs at or near capacity?

Will new programs jeopardize the economic viability of any existing program?

Is there evidence that the proposed programs will meet a specific student demand?

Are positions available for graduates of existing programs?

Is there evidence of local support for the programs?

Is there co-operation between neighbouring institutions (universities and/or community colleges)?

Do the programs have support from the profession?

Does the subject matter of the programs have any particular significance to the region surrounding the university?

Many of the questions were answerable from material supplied by Laurentian University. Others could only be answered through consultation with Queen's University, which has the existing programs, and other interested parties. The responses to the questions lead Council to the conclusion that the programs at Laurentian should be approved for funding and accordingly *recommends to the Minister:*

OCUA 77-18
FUNDING FOR THE MINING ENGINEERING AND THE MINERAL PROCESSING ENGINEERING PROGRAMS AT LAURENTIAN UNIVERSITY

THAT, beginning in the academic year 1977-78, students enrolled in the III year of the programs be eligible for funding in subsequent years and that beginning in the academic year 1978-79, students enrolled in the IV year of the programs be eligible for funding in subsequent years.

It is assumed, of course, that the related basic income units would be part of the moving three-year average only. They would not be included in the undergraduate formula funding base for the calculation of undergraduate formula grants.

W.C. Winegard,
Chairman

December 16, 1977

77-VI The Allocation of the Government's Operating Support for the University System in 1978-79

By letter of October 19, 1977, the Minister of Colleges and Universities informed the Chairman of Council that Government financial support in the form of operating grants to the universities would increase by $41 million in 1978-79, a 5.9% increase over the preceding year's level of support. Council notes with regret that this increase is $26.1 million less than the $67.1 million increase in Government support it recommended in Advisory Memorandum 77-III. The 5.9% increase in grants translates into a 5.1% increase in Basic Operating Income plus non-formula grants to the university system because tuition fee rates have not been allowed to increase for 1978-79. Also available for distribution on Council's recommendation is an additional $5.8 million previously allocated to the university system by the Ministry for building maintenance and repair projects. Thus the total amount available for allocation in 1978-79 is $736.4 million. Council's recommendations for the allocation of this amount include the distribution of Northern Ontario grants, bilingualism grants, supplementary grants, special grants, and graduate and undergraduate formula grants.

Northern Ontario Grants

In 1975-76 Council acknowledged the need for special assistance arising from the fiscal problems of providing university education in the Northern environment. Council accordingly recommended that the Government establish Northern Ontario grants for Lakehead, Laurentian, and Laurentian's affiliated colleges. In the following year Council developed a "mini-formula" for use in the annual calculation of Northern Ontario grants. Essentially the "mini-formula" generates Northern grants with reference to prior-year Basic Operating Income. Details of the development of this formula and its applicability to each institution are outlined in Advisory Memorandum 75-VII.

For 1978-79, Council continues to employ the "mini-formula" in calculating Northern grants and accordingly *recommends to the Minister:*

OCUA 77-19
NORTHERN ONTARIO GRANTS 1978-79

THAT Northern Ontario Grants in the following amounts be made in 1978-79:

Lakehead	$1,380,000
Laurentian	$1,356,000
Algoma	$ 166,000
Hearst	$ 97,000
Nipissing	$ 214,000

Bilingualism Grants

In recent years, Council's advice on bilingualism grants has been made in the absence of adequate information on university costs attributable to bilingualism. During the last year, Council has completed a study of the incremental costs associated with bilingualism in Ontario universities and is now equipped with strong evidence on which to base its bilingualism grant recommendations.

The purposes of the study were to identify the additional costs associated with existing bilingual activities, to outline a standard costing method that could be applied to all designated bilingual institutions, and to determine the amount of these costs. Details of the standard costing method adopted by Council and the results of the study for 1976-77 for each institution are given in the Appendix to this Memorandum.

The successful completion of the study of bilingualism costs has to a great extent been due to the efforts of bilingual institutions in preparing information for the project. Council is indebted to the representatives of these institutions for their work in provision of data and preparation of briefs, and for their discussions with Council of

the problems associated with the funding of bilingualism activities.

Results of the study indicate that the total cost of existing bilingualism activities in 1976-77 was $5.515 million. This exceeds the grants for bilingualism in that year by $1.67 million. Realizing the approximate magnitude of this shortfall on the basis of preliminary cost study results, Council took initial corrective measures at the time it submitted its funding level advice for 1978-79. Additional funding of approximately $1 million for bilingualism in 1978-79 was recommended in Advisory Memorandum 77-III. At present, Council has not received a response from the Government to this recommendation for additional funding. As a result, the total bilingualism grants presently available for distribution for 1978-79 are the 1977-78 grants increased by the percentage increase in total university operating grants for 1978-79, namely 5.9%. This is consistent with the method used by Council for determining total bilingualism grants for the last two years. If and when approval is given for additional bilingualism funding for 1978-79, total bilingualism grants would be further increased by the amount forthcoming.

It is Council's intention that the distribution of the costs of bilingualism among institutions in 1976-77 should form the basis for bilingualism grant allocation for a 4 to 6 year period. At the end of this period bilingualism costs would again be reviewed to determine the appropriate level and distribution of grants for a subsequent period.

It should be remembered that the costs of new bilingualism initiatives remain separate from the calculation of the incremental costs of existing bilingual activities. Council believes that start-up funding for such activities should remain a matter for negotiation between the Ministry of Colleges and Universities and the individual institution, either directly or through the Advisory Council on Franco-Ontarian Affairs. New bilingualism initiatives affecting universities may arise from various government ministries or agencies. To ensure that the interests of all parties are best served, the Ministry of Colleges and Universities should assume a coordinating role with respect to such initiatives. Any new long term bilingualism activities will be reviewed by Council for incorporation into its costing exercise at the time of the next cost review. Start-up funding should therefore be sufficient to sustain any new program until the subsequent periodic review of bilingualism costs.

Council has opted to phase in the new distribution of bilingualism grants over a two-year period. This ensures no major perturbations in grants and is consistent with Council's method of recommending the additional funding for bilingualism in stages. Consequently, total available bilingualism grants will be allocated to institutions, one-half based on the distribution of 1977-78 bilingualism grants and one-half according to the incidence of 1976-77 bilingualism costs. Accordingly, Council *recommends to the Minister:*

OCUA 77-20
BILINGUALISM GRANTS 1978-79

THAT bilingualism grants be made in 1978-79 in the following amounts:

Ottawa	$3,345,000
Laurentian	$ 813,000
Glendon	$ 146,000
Hearst	$ 34,000
Sudbury	$ 25,000
St. Paul	$ 114,000

plus the corresponding proportion of any additional funds made available in response to OCUA Recommendation 77-12.

Supplementary Grants

In Advisory Memoranda 75-VII and 76-VI Council stated its intent to reduce, year by year, supplementary grants to Lakehead, Laurentian, and Trent. Council is more certain than ever that time must play the major role in the emergence of these institutions onto formula funding.

Council visualizes a future in which any of a number of institutions will face declining enrolments. Size cannot continue to be a factor in awarding supplementary grants because there could be several eligible claimants in the years to come despite the fact that the present formula allows substantial protection for institutions that decline in enrolment. The problem of declining enrolment and institutional adjustment must be faced. Continued special funding for some institutions now, and perhaps more in the future, will not make effective use of the resources likely to be available to the system.

Council now wishes to make clear its intention to recommend continued reductions in grants to each institution until the grants reach zero. For 1978-79 Council *recommends to the Minister:*

OCUA 77-21
SUPPLEMENTARY GRANTS 1978-79

THAT supplementary grants be made in the following amounts:

Lakehead	$ 500,000
Laurentian	$ 250,000
Trent	$1,150,000

Special Grants

In the past, this section of Council's allocative advice has included a recommendation with respect to the annual rental grant to the Ontario College of Art. In 1977-78 the Ontario College of Art received a final payment with respect to the five-year rental agreement, and any future consideration of rental grants should be within the framework of Council's recommendations on rental policy contained in Advisory Memorandum 77-IV.

Bar Admission Course. Council, in Advisory Memorandum 74-II, made the observation that a policy of partial grants-in-aid had been adopted by the Government with respect to grant support for the Bar Admission Course. For the past two years Council has respected this policy when recommending grant amounts for the Bar Admission Course. Council recommended grant increases equal to those accorded to the university system as a whole. For 1978-79, Council continues with this approach and proposes that the 1977-78 grant-in-aid of $432,000 be increased by 5.9%. Council accordingly *recommends to the Minister:*

OCUA 77-22
GRANT TO THE LAW SOCIETY OF UPPER CANADA ON BEHALF OF THE BAR ADMISSION COURSE 1978-79.

THAT a grant of $458,000 be made to the Law Society of Upper Canada for support of the Bar Admission Course in 1978-79.

GFU and BIU Values Under the Government's Expenditure Target for 1978-79

The spending target referred to Council by the Minister for allocation in 1978-79 is $736.4 million. Table I records the deductions from the $736.4 million that correspond to the recommendations in this Memorandum for Northern, bilingualism, and supplementary grants, and the grant-in-aid for the Bar Admission Course. In addition, an amount of $3,570,000 is set aside as a contingency. This contingency amount is

used as a reserve in case of a possible increase in total 1977-78 BIUs over the current estimate or from a change in funding arrangements for the theology schools still receiving 50% funding. It is noted that if this contingency is not required these funds become available for distribution as graduate and undergraduate formula grants. In Table I, $13,618,000 to cover the above amounts is deducted from the total of $736.4 million, leaving $722,782,000 available at this time for distribution in the form of graduate and undergraduate formula grants. The institutions eligible for grant support are the fifteen provincially-assisted universities, the Laurentian affiliates, church-related colleges (including theology programs), Ryerson Polytechnical Institute, the Ontario Institute for Studies in Education, and the Ontario College of Art.

The amount of $722,782,000 permits a GFU value of $2,580 and a BIU value of $2,647. Both of these unit values represent a 4.8% increase over the 1977-78 unit values of $2,461 and $2,525. Since the period of formula suspension with respect to the funding of graduate work was extended to 1978-79 in Advisory Memorandum 76-IV (OCUA 76-11), the GFU value continues to apply to the number of graduate funding units that obtained in 1975-76. The BIU value is applied in accordance with the distribution mechanism for undergraduate formula grants that was established by Council in Advisory Memorandum 76-VII (OCUA 76-22). This mechanism distributes undergraduate formula grants in relation to the number of BIUs in the Undergraduate Formula Funding Base plus 50 per cent of the difference between the average number of BIUs in 1977-78, 1976-77 and 1975-76 and the number of BIUs in the Undergraduate Formula Funding Base.

With the amount in the contingency set aside, Council *recommends to the Minister:*

OCUA 77-23
GFU AND BIU VALUES FOR 1978-79

THAT, for 1978-79, the GFU value be not less than $2,580 and the BIU value be not less than $2,647.

Table I

Availability of Funds for Distribution as Graduate and Undergraduate Formula Grants under the 1978-79 Spending Target referred to Council

Available for Council's Allocative Recommendations		$736,400,000
Deduct		
Northern Ontario Grants	$ 3,213,000	
Bilingualism Grants	4,477,000	
Supplementary Grants	1,900,000	
Bar Admission Course	458,000	
Sub-Total	$10,048,000	
Contingency	3,570,000	
Total Deductions		$13,618,000
Available for Distribution as Graduate and Undergraduate Formula Grants		$722,782,000

In Table II, Council summarizes the end results of the allocation recommended in this Memorandum by tabulating the individual grants accruing to each of the institutions in the university system for 1978-79. This Table records as well the

Table II

Distribution of Grants Generated by Recommendations in Advisory Memorandum 77-VI — ($ thousands)

	1978-79 RECOMMENDATIONS						1977-78 Total Grants	Per Cent Change
	Formula and Graduate Grants	Northern Ontario Grants	Bilingualism Grants[2]	Supplementary Grants	Special Grant and Contingency	Total Grants Recommended[3]		
Brock	11,835					11,835	11,061	7.0
Carleton	38,078					38,078	35,927	6.0
Guelph	45,753					45,753	42,768	7.0
Lakehead	11,061	1,380		500		12,941	12,273	5.4
Laurentian	10,427	1,356	838	250		12,871	12,264	4.9
—Algoma	1,032	166				1,198	1,164	2.9
— Nipissing	1,561	214				1,775	1,570	13.1
— Hearst	271	97	34			402	393	2.3
McMaster	50,142					50,142	46,890	6.9
Ottawa	56,474		3,459			59,933	56,015	7.0
Queen's	49,854					49,854	46,710	6.7
Toronto	161,021					161,021	152,321	5.7
Trent	7,281			1,150		8,431	8,095	4.2
Waterloo	56,323					56,323	52,521	7.2
Western	74,432					74,432	70,352	5.8
Wilfrid Laurier	13,208					13,208	12,283	7.5
Windsor	33,283					33,283	30,680	8.5
York	56,359		146			56,505	53,307	6.0
Ryerson	29,051					29,051	27,267	6.5
OISE	10,331					10,331	9,790	5.5
College of Art	4,263					4,263	3,872	10.1
Theology[1]	742					742	675	9.9
TOTAL	722,782	3,213	4,477	1,900		732,372	688,198	6.4
Bar Admission					458	458	432	5.9
Contingency					3,570			

1. Theology includes those institutions receiving 50% funding. Those theology schools receiving 100% funding are included with the parent institution.
2. Bilingualism grants for affiliated institutions are included with the parent university.
3. The 1978-79 allocation of grants includes $5.8 million that was formerly distributed as earmarked funds for building repair and maintenance projects. Total grants recommended of $732,372 million plus $.458 for Bar Admission plus $3.570 as Contingency equals $736.4 million.

Table III

Distribution of Basic Operating Income and Grant Recommendations in Advisory Memorandum 77-VI — ($ thousands)

	1978-79 RECOMMENDATIONS						1977-78 BOI plus Northern Bilingualism Supplementary and Special Grants[5]	Per Cent Change
	Basic Operating Income (BOI)[2]	Northern Ontario Grants	Bilingualism Grants[3]	Supplementary Grants	Special Grant and Contingency	BOI plus Northern Bilingualism Supplementary and Special Grants[4]		
Brock	14,381					14,381	13,606	5.7
Carleton	46,358					46,358	44,242	4.8
Guelph	53,233					53,233	50,188	6.1
Lakehead	13,385	1,380		500		15,265	14,555	4.9
Laurentian	12,993	1,356	838	250		15,437	14,837	4.0
Algoma	1,393	166				1,559	1,539	1.3
Nipissing	1,971	214				2,185	1,972	10.8
Hearst	366	97	34			497	495	0.4
McMaster	58,618					58,618	55,277	6.0
Ottawa	66,672		3,459			70,131	66,121	6.1
Queen's	58,107					58,107	54,900	5.8
Toronto	186,263					186,263	177,628	4.9
Trent	9,177			1,150		10,327	9,950	3.8
Waterloo	66,886					66,886	62,891	6.4
Western	88,352					88,352	84,289	4.8
Wilfrid Laurier	16,463					16,463	15,500	6.2
Windsor	40,107					40,107	37,349	7.4
York	68,621		146			68,767	65,554	4.9
Ryerson	33,422					33,422	31,599	5.8
OISE	11,344					11,344	10,800	5.0
College of Art	5,083					5,083	4,650	9.3
Theology[1]	992					992	911	8.9
TOTAL	854,187	3,213	4,477	1,900		863,777	818,853	5.5
Bar Admission					458	458	432	5.9
Contingency					3,570			

1. Theology includes those institutions receiving 50% funding. Those theology schools receiving 100% funding are included with the parent institution.
2. 1978-79 BOI is calculated using a BIU value of $2,647 and a GFU value of $2,580.
3. Bilingualism grants for affiliated institutions are included with the parent university.
4. The 1978-79 allocation of BOI includes $5.8 million that was formerly distributed as earmarked funds for building repair and maintenance projects.
5. 1977-78 BOI is calculated using a BIU value of $2,525 and a GFU value of $2,461.

recommended levels of Northern Ontario, bilingualism, and supplementary grants, and the grant-in-aid for the Bar Admission Course. The percentage column on the right hand side of the Table indicates the percentage increase in total grants over the total grants received in 1977-78.

In Table III, Council tabulates the Basic Operating Income that accrues to each of the institutions for 1978-79. The percentage column on the right hand side of this table shows the percentage increase in Basic Operating Income, or where appropriate, the percentage increase in Basic Operating Income plus designated grants, over the corresponding totals for 1977-78. In presenting Basic Operating Income Council notes that the BOI figures are a closer representation of institutional income than grant figures for 1978-79 because tuition fee rates have not been allowed to increase.

The institutional results depicted in Tables II and III are subject to change from two sources. The first is the disposition of the contengency fund. The second concerns the enrolment by institution of those visa students who are subject to higher fees. The saving to Government occasioned by these higher fees has already been incorporated into the Government's intended expenditure of $736.4 million. The differential fee revenue will be deducted by the Ministry from the institutional grants with the result that actual operating grants become less than the $736.4 million. To ensure that the Government's intended expenditure does in fact accrue to the university system, the foreign fee revenue must be returned to the system when the total number on non-exempt visa students becomes known.

Enrolment Sensitivity to Undergraduate Enrolment Change

For 1977-78, Council recommended and the Minister approved the implementation of a new mechanism for the distribution of undergraduate formula grants. The design of the new mechanism represented the final stage of a gradual process whereby Council, over a three year period, had significantly reduced the sensitivity of the undergraduate distribution formula to enrolment change. The details of the development and application of the mechanism are contained in Advisory Memorandum 76-VII. Fundamentally, the mechanism distributes undergraduate formula grants in accordance with the number of BIUs in a stated base plus the difference between the number of BIUs in a three-year moving average and the base. In addition, to further cushion the impact of enrolment fluctuations, a percentage discount factor is applied to the difference between the moving average and the base. Council, for 1978-79, decided upon the use of a 50% discount factor. Council recognizes that the current discount factor makes a substantial contribution to the long run stabilization of university revenues against enrolment fluctuations. With respect to discount factors in the future, the choice depends upon enrolment change and the level of Government funding. Council's current intent is to apply the 50% discount factor in the undergraduate distribution formula for 1979-80.

W.C. Winegard,
Chairman

January 27, 1978

Appendix to Advisory Memorandum 77-VI
Methodology for Calculation of the Incremental Costs of Bilingualism

In its study of the 1976-77 incremental costs of bilingualism Council identifies six components of these costs: (i) parallel course offerings, (ii) second language training, (iii) library, (iv) translation, (v) publishing, printing, stationery and supplies, and (vi) administrative staff. A description of the standard method adopted for calculating the costs included in each of these components is given below. Results of the study for each institution are shown in Table A.

(i) Parallel Course Offerings

Parallel courses exist when the same subject material is being taught in both English and French on the same campus in a given academic year. Language courses are excluded from the definition of parallel courses except for English/Français parallel courses at Laurentian. No incremental costs are attributed to sections of parallel courses that are produced by normal sectioning practices. Incremental costs are allowed solely for additional sections whose existence is attributable only to the bilingual nature of the institution, provided that the enrolment in such sections is greater than one student.

The incremental faculty cost is derived by dividing the additional sections required by the average teaching load per faculty member and multiplying by the average faculty salary plus fringe benefits in the institution (excluding medicine). The incremental support staff costs are obtained by multiplying the additional teaching assistants, technicians, and clerk/typists by the average salary plus fringe benefits for each of these categories.

(ii) Second Language Training

The incremental cost of second language training is limited to the institution's expenditures on second language training for (a) students where that training was in addition to the student's regular curriculum, and (b) faculty and staff.

(iii) Library

The library costs of bilingualism have two elements: book costs and cataloguing costs. Incremental book costs are derived by comparing the proportion of the total purchases of books and periodicals in each bilingual institution's minority language with the corresponding proportion at a comparable unilingual institution. When the difference between the proportions is applied to the total books and periodials purchased at the bilingual institution, the incremental book costs as a result of bilingualism are calculated. Incremental cataloguing costs have been determined as involving (a) 10¢ per extra catalogue card purchased because of bilingualism, and (b) expenditures on the translation of library cards.

(iv) Translation

The expenditures of the institution's central translation department, expenditures on external translation services, and expenditures of academic departments on French-English and English-French translations of specialized documents are deemed to be incremental costs.

(v) Publishing, Printing, Stationery, and Supplies

Each institution's estimate of additional expenditures on publishing, printing, stationery and supplies as a result of bilingualism is deemed an incremental cost.

(vi) Administrative Staff

The total costs of (a) the extra staff required to provide bilingual services and (b) salary differentials for bilingualism paid to staff who must be bilingual to perform their function are deemed to be incremental costs.

Table A

Incremental Costs of Bilingualism in Designated Ontario Universities, 1976-77

	Ottawa	St. Paul	Laurentian	Sudbury	Hearst	Glendon (York)
Parallel Course Offerings	$1,462,074	$166,015	$ 749,760	$16,060	$16,162	$ 85,504
Second Language Training	1,009,768	—	33,500	—	7,481	4,835
Library	108,459	20,311	62,060	805	7,255	15,840
Translation	41,561	650	44,277	—	8,500	3,494
Publishing, Printing Stationery and Supplies	257,395	—	73,530	2,065	6,300	14,019
Administrative Staff	1,224,483	11,220	51,053	—	5,000	5,900
TOTAL	$4,103,740	$198,196	$1,014,180	$18,930	$50,698	$129,592

77-VII Graduate Program Planning and Funding

Sixteen months have elapsed since graduate program planning and funding were last formally addressed by Council in Advisory Memorandum 76-IV. Throughout 1977 Council pursued these subjects with individual institutions, the university collectivity, the Minister and his officials. Council has now reached a point where it wishes to outline its intentions in two general areas: Planning the Graduate Enterprise and Funding Graduate Programs.

Planning the Graduate Enterprise

Objectives for the First Quinquennium

The quinquennial approach to graduate planning and the period of the first quinquennium, 1979-80 through 1983-84, raised in Advisory Memorandum 76-IV appear to be agreeable to the universities and Ministry officials. What were received with mixed reactions, however, were the quinquennial objectives which Council posed at the time.

The original tentative list of objectives in the Memorandum was accompanied by the suggestion that "the launching of a first quinquennium will coincide with a time for consolidation". Since that time Council has become even more convinced that consolidation must be the theme of the first quinquennial period. All indications point toward strictly constrained Provincial funding for the next few years, and there is no evidence to suggest that graduate enrolment will rise above the 1976-77 level, in which year the system recorded the highest graduate enrolment levels to date. The trend in graduate enrolment for the five years preceding 1977-78 was one of steady but gradual growth. What is known about 1977-78 graduate enrolment a this time indicates a decline in the neighbourhood of 4% from the 1976-77 level. A number of circumstances surrounding this year's decrease suggest the beginning of a new trend of graduate enrolment decline which will be neither insignificant nor short-term.

With these factors in mind Council reconsidered the objectives for the first quinquennium and concluded that certain refinements were needed if the objectives were to be achievable within a period of five years. Council also wished to ensure that the objectives could be directly assimilated into the internal planning and decision-making processes of the universities, and at the same time, would strengthen the program and discipline review processes of the university collectivity.

Having taken into account the above considerations, Council enunciates the following as its objectives for the first graduate planning quinquennium:

1. Recognition and protection of outstanding doctoral programs;
2. Support of good quality graduate programs;
3. Elimination of graduate programs of unsatisfactory quality;
4. Prevention of further duplication of graduate programs;
5. Recognition of high quality graduate programs in new fields of study for which there is a genuine need;
6. Maintenance of a satisfactory amount of scholarship and research activity in the university system.

In the first three objectives the emphasis on quality stems from Council's belief that it is in the public interest to ensure that all graduate programs recognized for formula funding have achieved a high academic standard. Those programs which do not meet the standards should not be eligible for formula support. The funds which might otherwise flow to these programs should, in a period of consolidation, be used to bolster areas of existing strength.

As evidenced by the fourth objective, Council's concern about limited resources also extends to new programs. At a time when total graduate enrolment in Ontario is expected to decrease, Council can see little rationale for the establishment of new duplicate graduate programs which would dilute student demand for existing pro-

grams. In addition, there is much to suggest that duplication among existing programs should be reduced. Indeed, it is reasonable to expect that some existing duplication will be eliminated during the first quinquennium. Council expects that elimination of duplication among existing programs may become an explicitly stated objective for the second quinquennial period.

The fifth objective gives recognition to the continuing evolution of knowledge and the need to ensure that new programs will be mounted as new fields emerge. To accord full respect to the public interest, Council would stipulate that additional programs not be publicly financed unless they are of high quality and unless it can be demonstrated that they are needed.

The sixth and final objective which Council enunciates for the first graduate planning quinquennium acknowledges the need to protect research and scholarship in the university system. The higher weights accorded to graduate enrolment under the operating grants formula are in recognition of the costs not only of instruction but also of research and scholarship associated with graduate programs. Council believes that the research and scholarship capabilities of the Ontario university system must be protected in the event of a temporary or even longer term reduction in student demand for graduate instruction.

Agencies for Planning

In previous memoranda[1] Council has described in detail the evolution of graduate planning in Ontario. In the space of a decade the university system has developed processes for program quality appraisal and system-wide disciplinary planning at the graduate level. The impact of these on internal university decision-making has been of growing significance.

In the course of the review which preceded this Memorandum, Council pondered the question of whether graduate planning in Ontario could be strengthened through greater centralization or a change in planning authority. To this end the methods and structures used for graduate planning in other jurisdictions were reviewed in some detail for features which might be applicable to the Ontario situation. It was found that the structure of the Ontario university system and its strong tradition of institutional autonomy distinguished it from the other jurisdictions in which significant steps had been taken towards strongly centralized graduate planning, although generally speaking the processes used for program and discipline review were surprisingly similar. Autonomy, however, had led Ontario's universities into voluntary collective planning, whereas elsewhere, administration of the planning activities was often a responsibility of a branch or agency of the legislature concerned.

Council's conclusions were that the value of institutional autonomy in Ontario outweighs the benefits, if any, that might be ascribed to a strengthening of central planning through structural change. The major role in graduate planning in Ontario must remain grounded in the universities, individually and collectively. For its part Council will enunciate general quinquennial objectives, monitor the extent to which these are being achieved, and recommend funding policies and mechanisms that are appropriate to the objectives.

The Planning Processes

In that the original purposes of collective graduate planning in Ontario were to promote inter-university awareness and cooperation, to ensure high quality standards and to direct the orderly development of the graduate enterprise, there is much to suggest that the discipline assessment and program appraisal processes have been useful. The Ontario Council on Graduate Studies' 1977 monitoring report[2] shows

(1) Advisory Memorandu. 75-IV, June 21, 1975
Advisory Memorandum 76-IV, October 2, 1976

some preliminary indications of movement towards program rationalization related to quality and need. This report also states that:

> "there are clear indications that the mere existence of the appraisal process has led to a strengthening of the institutional procedures for approval of new programs; numerous proposals have been delayed and strengthened before submission, others have been set aside indefinitely. Too, each decision to proceed with a planning assessment has caused the institutions to re-examine their objectives in the discipline and to define more explicitly the scope of their programs".

These preliminary indications are reassuring to Council as are recent changes in the procedures for discipline assessment and program appraisal. The increased emphasis that will be placed on quality appraisal as the basis for collective planning should be particularly useful during the first quinquennium in achieving Council's objectives for the graduate sector. Council fully realizes the impracticability of attempting to complete planning assessments in all disciplines by 1983-84, given the tremendous volume of work that would be involved. This adds to the importance of a selective and vigorous pursuit of discipline assessments by the university collectivity.

Council will continue to request annual reports on developments in the graduate sector from COU. Because, eventually, these will be used to monitor achievement of quinquennial objectives and to assist in the review of proposals for funding new graduate programs, Council will wish to discuss the format and content of future reports with COU and Ministry officials in the coming months.

While Council's comments on graduate planning necessarily focus on system-wide activities, it remains nonetheless convinced that graduate planning at the institutional level is of equal importance. Over the years there has been much discussion of institutional role differentiation and rationalization. The new era of straitened resources and declining graduate enrolments and the accompanying need for system-wide consolidation should encourage institutions to identify and give priority to the areas of graduate endeavour in which strength exists and which are key to the planned institutional identity.

The success of the graduate planning enterprise during the first quinquennium will be primarily dependent upon the pursuit of excellence by institutions in their areas of strength, and, of system rationalization by the university collectivity on the basis of quality and need.

Funding Graduate Programs

The three-year period of formula suspension for graduate studies ends with the funding year 1978-79. In Advisory Memorandum 75-V Council set forth the following reasons for this short-term funding arrangement which completely desensitized operating grants to changes in graduate enrolment levels: to allow time for studying alternatives to formula arrangements that associate both teaching and research costs with numbers of graduate students; to ensure that the development of new graduate programs not take place at the expense of the financial viability of the system as a whole; to neutralize the steering effects towards program proliferation embodied in the earlier formula; and, to free institutional and system-wide graduate

(2) *Report to the Ministry of Colleges and Universities on the Combined Impact of the Planning and Appraisal Processes on Graduate Studies in Ontario Universities and the Implementation of Recommendations in Plans and Perspectives for Graduate Studies, Volumes 1 to 19* (October, 1977)

planners from short-run revenue considerations.

The period of formula suspension has been providing Council and the universities with the time to explore alternative graduate funding arrangements. The extent to which the other purposes have been achieved will be known only in the years to come. Many universities have repeatedly impressed upon Council the need to know what funding mechanism would come into effect at the end of the period of formula suspension in order for them to proceed with planning for the first quinquennium. For this reason Council now addresses two facets of the graduate support question: (I) Criteria for Funding New Graduate Programs, and (II) Proposed Funding Mechanisms for the First Quinquennium. With regard to the latter, Council explores its current thinking and does not put forward firm recommendations at this time. The universities have indicated that another round of talks concerning graduate funding mechanisms would be desirable and Council proposes to comply with this request during the Spring, 1978 hearings.

(I) Criteria for Funding New Graduate Programs during the First Quinquennium

Prior to the period of formula suspension, the key criteria for new graduate program funding approval were that the program be in an unembargoed discipline, that it have received a successful quality appraisal and that it be in accordance with the institutional three- or five-year plan. Formula suspension carried with it a moratorium on new graduate program funding, but did not restrict the development of new programs. Indeed there are currently a number of active graduate programs which have not been recognized for formula support. Even more are planned for implementation by the beginning of the first quinquennium.

Two of the six quinquennial objectives specifically concern new graduate programs: "prevention of further duplication of graduate programs", and "development of high quality graduate programs in new fields of study for which there is a genuine need". In light of these objectives the criteria which formerly governed new graduate program funding approval are no longer adequate insofar as they fail to address the issues of duplication and need.

In its search for new criteria Council has been abundantly aware that constrained global funding and declining graduate enrolment will mean that the addition of new graduate programs will not likely generate additional funding for the system. Regardless of the allocative mechanism used, the funding of new graduate programs will, to varying degrees, occur at the expense of existing programs.

With these considerations in mind Council has developed the following criteria for screening new graduate programs in the funding approval process during the first quinquennium:

1. Evidence of need in Ontario and Canada to be provided by the Advisory Committee on Academic Planning and endorsed by the Council of Ontario Universities;
2. Certification from the Advisory Committee on Academic Planning through the Council of Ontario Universities that no similar program in the field(s) proposed is available in Ontario. (In exceptional circumstances Council may be willing to entertain a recommendation from ACAP through COU for funding a master's program where there is a similar program in Ontario but where there is also strong evidence of regional importance and student demand);
3. Certification from the Advisory Committee on Academic Planning through the Council of Ontario Universities that the proposed program has passed a rigorous appraisal and at the time of appraisal was not found to require improvements;
4. Certification from the institution that admissions to the program commenced prior to its being proposed for funding consideration.

Council has intentionally omitted a specific definition of the grounds for substantiating "need" under the first criterion. Its own experience in this area, outlined

in Advisory Memorandum 77-V, suggests that demonstrating need cannot be solely a statistical exercise. However, Council would in any case expect to see evidence of student demand (such as numbers of students admitted and applying to a program, numbers of students leaving Ontario for similar programs in other jurisdictions, and enrolment patterns of similar programs in other jurisdictions) and external demand (such as manpower forecasts, and availability of employment opportunities).

The second criterion is designed to prevent further duplication of graduate programs. Examination for duplication should occur at the "field(s) within a program" level in order to avoid a situation where only the field configuration of a new program sets it apart from existing programs. At the same time Council recognizes the importance of retaining some flexibility to allow university responsiveness to regional needs or regional potential that leads to institutional differentiation. Council does, however, believe that exceptions to the duplication criterion during the first quinquennium should be few, if any, and must be limited to new programs at the master's level.

The third criterion re-emphasizes the importance Council attaches to ensuring that only programs of proven quality should be recognized for public funding.

The final criterion requires that an institution begin admitting students to a new program before the program is put forward for funding approval. This reaffirmation of institutional autonomy is designed to demonstrate institutional commitment to, and student interest in, any new graduate program before it may become eligible for public support.

A new program's ability to meet the four funding criteria will not necessarily guarantee a positive funding recommendation on the part of Council. Since June, 1975, Council has repeatedly indicated that funding approval for new graduate programs would no longer be an automatic matter and that Council's own task in the funding approval process would include the "balancing of fiscal realities and new initiatives". For example, it is conceivable that in a given year funding available to the graduate sector might be inadequate to support all new program proposals without harming programs already eligible for funding. Council's response to a situation of this type might well involve postponing recommendations for funding some or all new programs.

In line with this reasoning Council now stipulates that if a new graduate program meets the criteria described above it will be guaranteed only consideration by Council and a funding recommendation will not follow automatically. In future Council will review all proposals for new program funding in the context of reports on developments in the graduate sector and will submit its advice on only one date each year.

The funding criteria set out in this Memorandum are intended to replace the rules used in the past for new graduate program funding approval, including the former practice of placing disciplines under funding embargo pending completion of planning assessments. Accordingly, Council *recommends to the Minister:*

OCUA 77-24
FUNDING CRITERIA FOR NEW GRADUATE PROGRAMS IN THE FIRST QUINQUENNIUM, 1979-80 THROUGH 1983-84

THAT, in line with the considerations set out in this Memorandum, graduate programs be considered for funding approval on the advice of Council, such advice to be based upon the following criteria:

1. Evidence of need in Ontario and Canada to be provided by the Advisory Committee on Academic Planning and endorsed by the Council of Ontario Universities,

2. Certification from the Advisory Committee on Academic Planning through the Council of Ontario Universities that no similar program in the field(s) proposed is available in Ontario. (In exceptional circumstances Council may be willing to entertain a recommendation from ACAP through COU for funding a master's program where there is a similar program in Ontario but where there is also strong evidence of regional importance and student demand),
3. Certification from the Advisory Committee on Academic Planning, through the Council of Ontario Universities that the proposed program has passed a rigorous appraisal and at the time of appraisal was not found to require improvements,
4. Certification from the institution that admissions to the program commenced prior to its being proposed for funding consideration.

As far as can be ascertained at present there are over 20 doctoral and more than 40 master's programs in Ontario universities which either have been implemented without additional Provincial funding or in which students will begin to enrol before or during the first quinquennium. Council believes that in a number of cases it would be unfair to apply the new funding criteria to programs which were developed and implemented under a completely different set of rules. On the other hand, Council has been warning the system since June, 1975 of impending changes in the funding approval process.

Council's solution to this conundrum involves sorting the graduate programs not currently recognized for formula support into three categories for funding consideration.

The first category includes any program for which the former requirements for funding approval were completed before suspension of the graduate formula and for which funding was not received during the period of formula suspension. Programs falling into this category will be exempted from the new funding criteria, provided that they have received favourable quality appraisals during the past five years. Those which have not been appraised during the period March 1, 1973 to March 1, 1978 will require reappraisal before they will be considered for funding approval.

The second category includes programs which were at various stages in the funding approval process when the formula was suspended and for which the earlier requirements for funding approval were subsequently completed. Council will request that the Council of Ontario Universities review all programs which fall into this category in light of the objectives for the first quinquennium and the new funding criteria before forwarding them for funding consideration.

As for the third and residual category, any other new program will not be considered by Council until the new funding criteria have been met.

Council believes that this approach is fair and equitable, minimizes the consequences of retroactivity and at the same time will bring the new funding criteria into effect at the beginning of the quinquennium for which they have been designed.

(II) Proposed Funding Mechanisms for the First Quinquennium

In its search for an appropriate mechanism to allocate graduate funding during the first quinquennium, Council began by identifying the conditions which a new mechanism would be required to meet. All methods of allocating funds have direct and indirect steering effects for the recipients. Each would also embody implications for graduate support levels if Council continues to promote symmetry between its funding level and allocative advice. Having reached a set of objectives for the first quinquennium, Council felt that the steering effects of the chosen allocative mechanism should reinforce those objectives. In addition, Council sought a method that would

provide (1) funding stability by preventing extreme fluctuations in institutional income, (2) funding predictability to assist institutions in their planning efforts, (3) equitable allocations among institutions, (4) accountability to the public by linking funds to some quantifiable factor, and finally a method that would be (5) simple to use, understandable and practical to implement. The final factor reflects Council's belief that whatever funding mechanism is chosen for the first quinquennium should be capable of full implementation in the first year of the quinquennial period.

Council considered whether all aspects of graduate work should continue to be funded jointly or whether separate funds and allocative mechanisms should be developed along functional lines for instruction, research, scholarship and service. The allocative mechanisms studies by Council ranged from fixed institutional grants to formulae totally sensitive to a variety of factors taken singly and in combination including enrolment, numbers of faculty, value of sponsored research grants and program quality appraisal ratings.

Without detailing the mechanisms and Council's findings with respect to each, suffice it to say that very few mechanisms went very far toward satisfying the majority of conditions listed above. Council has concluded that any method of funding which distinguished among functions at the graduate level would necessitate, at the outset, the identification of costs related to each. This would be, at best, an arbitrary, and possibly unrealistic, exercise. To be effective, this approach would require ongoing functional cost accounting, which would be a difficult task for universities and would place an additional burden on already constrained operating funds. There is also a general distrust in many quarters for this type of approach in that it is seen as a threat to university autonomy.

The approach which Council favours respects the Ontario tradition of funding instruction, scholarship, research and service jointly.

For master's and graduate diploma programs, Council feels that the formula currently in use for the funding of undergraduate programs should be employed beginning with the funding year 1979-80. Enrolment in master's and graduate diploma programs would be weighted according to the schedule in use before the period of formula suspension. Under this approach enrolment changes betweeen a fixed base and a moving three-year average would be discounted at a rate of 50% for 1979-80 as has been suggested for undergraduate enrolment changes. Thus Council currently expects that it will recommend to the Minister:

> *Distribution Mechanism for Master's and Graduate Diploma Program Formula Grants during the First Quinquennium*
>
> Beginning in 1979-80, formula grants for master's and graduate diploma programs be distributed to each institution in relation to the number of master's and graduate diploma BIU's in a funding base, plus, 50% of the difference between the number of BIU's in a moving three-year average and the number of BIU's in the funding base.

For doctoral programs Council believes that a slightly different approach would be more appropriate. As mentioned earlier in this Memorandum, the higher weights accorded to graduate enrolment under the Operating Grants Formula have been deemed to reflect provincial support for the costs of the research and scholarship components of these programs. At a formula weight of 6, doctoral programs may be considered to have been generating the greatest support for research and scholarship before formula suspension. For allocating funds to doctoral programs Council favours a mechanism which continues to weight doctoral enrolment at 6, and employs a fixed base enrolment and a three-year moving average enrolment. Where this allocative method differs from those currently used for undergraduate and proposed

for master's programs is in the discount/stability factor that will be applied to changes in enrolment. Council believes that a factor of 2/3 should be used at the doctoral level. In other words, 1/3 of the difference between the fixed base BIU's and the moving three-year average BIU's will be added to the base BIU's to determine an institution's total doctoral BIU's. This mechanism provides a high level of stability designed, in part, to protect funding for research and scholarship. In the extreme case, institutional BIU's in any doctoral program may not fall below 2/3 of the BIU's in the fixed base.

Council currently expects to recommend to the Minister that:

> *Distribution Mechanism for Doctoral Program Formula Grants during the First Quinquennium*
>
> Beginning in 1979-80, formula grants for doctoral programs be distributed to each institution in relation to the number of doctoral BIU's in a funding base, plus, one-third of the difference between the number of BIU's in a moving three-year average and the number of BIU's in the funding base.

Council has not yet been albe to determine which year or years might be used in the calculation of base and moving average graduate BIU's for funding year 1979-80 primarily because information on currently unfunded programs is not complete. As mentioned earlier, the upcoming Spring hearings will allow the university community another opportunity to discuss funding mechanisms for the first quinquennium. For its part Council intends to submit final advice on these matters to the Minister in the Fall of 1978.

W.C. Winegard,
Chairman

February 10, 1978

OCUA Public Meetings, 1977-78

Date	Institution or Organization and (Place of Meeting)
April 15, 1977	Ontario Institute for Studies in Education, (Ontario Institute for Studies in Education, Toronto)
April 15, 1977	Ryerson Polytechnical Institute, (Ontario Institute for Studies in Education, Toronto)
April 15, 1977	York University, (Ontario Institute for Studies in Education, Toronto)
April 16, 1977	University of Toronto, (Ontario Institute for Studies in Education, Toronto)
April 22, 1977	Brock University, (Brock University Campus, St. Catharines)
April 22, 1977	McMaster University, (Brock University Campus, St. Catharines)
April 22, 1977	University of Guelph, (Brock University Campus, St. Catharines)
April 23, 1977	Ontario College of Art, (Brock University Campus, St. Catharines)
May 6, 1977	Carleton University, (Carleton University Campus, Ottawa)
May 6, 1977	Queen's University, (Carleton University Campus, Ottawa)
May 6, 1977	University of Ottawa, (Carleton University Campus, Ottawa)
May 7, 1977	Trent University, (Carelton University Campus, Ottawa)
May 13, 1977	Ontario Federation of Students, (Ontario Institute for Studies in Education, Toronto)
May 13, 1977	Confederation of Ontario University Staff Associations, (Ontario Institute for Studies in Education, Toronto)
May 14, 1977	Council of Ontario Universities, (Ontario Institute for Studies in Education, Toronto)
June 3, 1977	Wilfrid Laurier University, (University of Western Ontario Campus, London)
June 3, 1977	University of Waterloo, (University of Western Ontario Campus, London)
June 3, 1977	University of Western Ontario, (University of Western Ontario Campus, London)
June 4, 1977	University of Windsor, (University of Western Ontario Campus, London)
June 10, 1977	Laurentian University, (Laurentian University Campus, Sudbury)
June 10, 1977	Algoma College, (Laurentian University Campus, Sudbury)
June 10, 1977	Nipissing College, (Laurentian University Campus, Sudbury)
June 10, 1977	Hearst College, (Laurentian University Campus, Sudbury)
June 11, 1977	Lakehead University, (Bristol Place Hotel, Toronto)
June 24, 1977	Ontario Federation of University Faculty Associations, (Bristol Place Hotel, Toronto)
June 24, 1977	Representatives of Council of Ontario Universities and Ontario Council on Graduate Studies, (Bristol Place Hotel, Toronto)

OCUA Recommendations and Government Responses, 1977-78

Recommendations Number	Title	Response
	(Advisory Memorandum 77-I)	
77-1 (76-2) (75-3)	Ontario Graduate Scholarship Program Eligibility	Not accepted
77-2	Foreign Visa Student Eligibility	Partially accepted
77-3	Ontario Graduate Scholarship Stipends, 1978-79	Not accepted
77-4	Institutional Awards to Universities Without Doctoral Programs	Accepted
77-5	Ontario Graduate Scholarships to Persons on Student Visas	Partially accepted
77-6	Number of Ontario Graduate Scholarship Awards in 1978-79	Partially accepted
	(Advisory Memorandum 77-II)	
77-7	Provincial Discipline Committees	Accepted for further discussion
77-8	Provincial Interface Planning Committee	Not accepted
77-9	Eligibility of Preliminary Year Programs for Support Under the Operating Grants Formula	Accepted for further discussion
77-10	Eligibility of Brock Grade XII Entrant Program for Support Under the Operating Grants Formula	Accepted for further discussion
	(Advisory Memorandum 77-III)	
77-11	Funding Level for 1978-79 to Meet the Cost of Basic Objectives in Funding the Operation of Provincially-Assisted Universities, Ryerson, the Ontario Institute for Studies in Education and the Ontario College of Art	Not accepted
77-12	Additional Funding for 1978-79 for the Existing Bilingualism Programs and the Bar Admission Course	Accepted
77-13	Level of Support for Major Renovations, Alterations and Replacement Projects in 1978-79	Not accepted
	(Advisory Memorandum 77-IV)	
77-14	Measure of Comparative Space Needs	Accepted
77-15	Collection of Capital Information	Accepted
77-16	Criteria for Capital Assistance Eligibility for Long-Term Rentals	Accepted
77-17	Criteria for Capital Assistance Eligibility for Short-Term Rentals	Accepted
	(Advisory Memorandum 77-V)	
77-18	Funding for the Mining Engineering and the Mineral Processing Engineering Programs at Laurentian University	Accepted
	(Advisory Memorandum 77-VI)	
77-19	Northern Ontario Grants 1978-79	Accepted
77-20	Bilingualism Grants 1978-79	Accepted
77-21	Supplementary Grants 1978-79	Accepted
77-22	Grant to the Law Society of Upper Canada on Behalf of the Bar Admission Course 1978-79	Accepted
77-23	GFU and BIU Values for 1978-79	Accepted
	(Advisory Memorandum 77-VII)	
77-24	Funding Criteria for New Graduate Programs in the First Quinquennium, 1979-80 through 1983-84	Accepted